

The NATIONAL UNDERWRITER



Again in 1954 (as it has
for 13 straight years),
State Farm Mutual insured
more cars than any other
company in the world.

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
Home Office: Bloomington, Illinois

AUTOMOBILE INSURANCE INSERT

THURSDAY, MAY 19, 1955

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	\$ 6,504,482.72	Reserve for Losses	\$ 18,869,733.29
Mortgage Loans on Real Estate	965,857.92	Reserve for Loss Expenses	1,641,500.00
*Bonds and Stocks	147,618,784.78	Reserve for Unearned Premiums	54,939,364.59
Interest due and accrued	171,504.67	Reserve for Taxes and Expenses	2,459,097.50
Agents and Departmental Balances	3,799,979.91	Funds held under Reinsurance	
Real Estate	3,213,500.00	Treaties	7,836,740.08
Equity in Marine and Foreign Insurance Pools	9,022,449.11	All other Liabilities	1,104,179.18
All other Assets	1,455,742.29	Capital	10,000,000.00
Total admitted assets	\$172,752,301.40	Net Surplus	75,901,686.76
		Total	\$172,752,301.40

SURPLUS TO POLICYHOLDERS \$85,901,686.76

Securities carried at \$3,290,509.33 in the above statement are deposited as required by law.

GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	\$ 598,124.35	Reserve for Losses	\$ 1,971,464.67
Mortgage Loans on Real Estate	1,841.96	Reserve for Loss Expenses	171,500.00
*Bonds and Stocks	13,083,787.60	Reserve for Unearned Premiums	6,113,108.65
Interest due and accrued	34,661.45	Reserve for Taxes and Expenses	284,672.50
Agents and Departmental Balances	935,891.86	All other Liabilities	26,299.08
Real Estate	160,000.00	Capital	1,000,000.00
All other Assets	400,669.59	Net Surplus	5,647,931.91
Total admitted assets	\$15,214,976.81	Total	\$15,214,976.81

SURPLUS TO POLICYHOLDERS \$6,647,931.91

Securities carried at \$795,921.11 in the above statement are deposited as required by law.

NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	\$ 701,306.98	Reserve for Losses	\$ 1,971,464.67
*Bonds and Stocks	12,961,657.05	Reserve for Loss Expenses	171,500.00
Interest due and accrued	31,762.10	Reserve for Unearned Premiums	5,739,933.61
Agents and Departmental Balances	1,584,124.81	Reserve for Taxes and Expenses	293,472.50
Real Estate	70,500.00	All other Liabilities	22,734.78
All other Assets	269,713.05	Capital	1,000,000.00
Total admitted Assets	\$13,619,063.99	Net Surplus	6,419,958.23
		Total	\$15,619,063.99

SURPLUS TO POLICYHOLDERS \$7,419,958.23

Securities carried at \$1,822,477.09 in the above statement are deposited as required by law.

MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	\$ 704,674.28	Reserve for Losses	\$ 5,351,118.39
Mortgage Loans on Real Estate	349,567.43	Reserve for Loss Expenses	465,500.00
*Bonds and Stocks	36,221,447.38	Reserve for Unearned Premiums	15,579,819.80
Interest due and accrued	66,711.94	Reserve for Taxes and Expenses	803,582.50
Agents and Departmental Balances	2,824,359.57	All other Liabilities	51,729.61
All other Assets	206,228.78	Capital	3,000,000.00
Total admitted Assets	\$40,372,989.38	Net Surplus	15,121,239.08
		Total	\$40,372,989.38

SURPLUS TO POLICYHOLDERS \$18,121,239.08

Securities carried at \$2,754,310.37 in the above statement are deposited as required by law.

ROYAL GENERAL INSURANCE COMPANY OF CANADA

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	\$ 34,471.83	Reserve for Taxes and Expenses	\$ 3,863.32
Bonds and Stocks	399,903.86	Capital	100,000.00
Interest Due and Accrued	2,904.58	Net Surplus	362,343.76
Agents and Department Balances	15,526.81		
All other Assets	13,400.00	Total	\$466,207.08
Total admitted Assets	\$466,207.08		

SURPLUS TO POLICYHOLDERS \$462,343.76

Securities carried at \$55,801.87 in the above statement are deposited as required by law.

THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	\$ 2,158,645.87	Reserve for Losses	\$ 18,433,961.00
Mortgage Loans on Real Estate	53,792.36	Reserve for Loss Expenses	1,779,775.00
*Bonds and Stocks	43,576,089.40	Reserve for Unearned Premiums	13,366,920.06
Interest due and accrued	121,764.91	Reserve for Taxes and Expenses	1,513,059.00
Agents and Departmental Balances	3,594,144.55	Funds held under Reinsurance	
Equity in Marine and Foreign Insurance Pools	141,845.57	Treaties	189,825.78
All other Assets	243,951.19	All other Liabilities	280,587.95
Total admitted Assets	\$49,890,233.85	Capital	2,000,000.00
		Net Surplus	12,326,105.06
		Total	\$49,890,233.85

SURPLUS TO POLICYHOLDERS \$14,326,105.06

Securities carried at \$4,440,750.05 in the above statement are deposited as required by law.

COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	\$ 2,038,580.99	Reserve for Losses	\$ 22,082,945.00
Mortgage Loans on Real Estate	450,709.87	Reserve for Loss Expenses	2,100,947.00
*Bonds and Stocks	50,889,280.64	Reserve for Unearned Premiums	15,495,847.68
Interest due and accrued	119,254.06	Reserve for Taxes and Expenses	1,534,026.45
Agents and Departmental Balances	3,701,677.51	Funds held under Reinsurance	
Equity in Marine and Foreign Insurance Pools	147,212.23	Treaties	616,139.04
All other Assets	141,118.75	All other Liabilities	157,651.96
Total admitted Assets	\$57,487,834.05	Capital	2,000,000.00
		Net Surplus	13,500,276.92
		Total	\$57,487,834.05

SURPLUS TO POLICYHOLDERS \$15,500,276.92

Securities carried at \$1,692,140.80 in the above statement are deposited as required by law.

*Valuations on basis prescribed by National Association of Insurance Commissioners

HOME OFFICE

10 PARK PLACE, NEWARK 1, NEW JERSEY

Western Department
120 So. LaSalle St., Chicago 3, Illinois

Southwestern Department
912 Commerce St., Dallas 22, Texas

Foreign Department
102 Maiden Lane, New York 5, New York

Pacific Department
220 Bush St., San Francisco 6, Calif.

Canadian Departments
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

The NATIONAL UNDERWRITER

59th Year, No. 20
May 19, 1955

The National Weekly Newspaper of Fire and Casualty Insurance

Allstate Contends Automation Cuts Cost of Policies

**Holz Decision on Adequacy
of New York Filings Is
Expected Before May 27**

NEW YORK—Counsel for Allstate and New York Fire Insurance Rating Organization were to give their summations Thursday in the hearing being conducted by Superintendent Holz of the New York insurance department on the adequacy of Allstate's dwelling fire and extended coverage rates in New York. He is expected to give his decision by May 27.

During the course of the hearing, it was brought out that it costs Allstate \$1.74 to write a fire policy and \$3.59 to write an auto policy, including writing, billing, collecting, endorsing, direct salary cost, direct allocated office expense, underwriting and coding, and the company could produce its policies at a lesser cost than stock companies because of automation.

L. L. Ellis of Booz, Allen & Hamilton, Chicago management consultant firm, testified on a study his firm had made at Allstate's Long Island branch to determine the costs of writing fire and auto policies.

The study started May 4 and was in its 5th day when Mr. Ellis testified. The study covered costs of issuing fire and auto policies in January, February and March of this year.

Mr. Ellis said he determined that the cost per unit for a fire policy at the branch office was \$1.49 and for an auto policy \$2.57. This included writing, billing, collecting, endorsing, direct salary cost and direct allocated office expense.

The cost of underwriting a fire policy was 16 cents and the cost for coding about 8 cents. Underwriting cost of an auto policy was 86 cents and coding costs 15 cents. These added together bring the cost of the fire policy to \$1.74 and the auto policy to \$3.59 as previously mentioned.

In answer to a question by Superintendent Holz, Mr. Ellis said the renewal cost of a fire policy as determined by the study was 86 cents and for an auto policy \$1.41. Mr. Moser explained the latter cost was higher because of frequent rate changes.

Mr. Holz referred to the fact that Allstate predicated its filing last August on its auto liability experience. Henry S. Moser, Allstate vice-president and general counsel, suggested that the filings be temporarily forgotten and that the business of determining if they were now adequate continue.

Allstate counsel replied that "we have a right and you have an obligation when a filing is made to rely on any information filed by a rating organization or independent insurer."

Mr. Ellis said he included, in determining

Skutt Predicts \$155 Million Year for Mutual Benefit

V. J. Skutt, president of Mutual Benefit H. & A., predicted a premium income in excess of \$155 million for 1955, shattering all previous sales records.

Mr. Skutt made the prediction at a meeting of the general agents of Mutual of Omaha at French Lick, Ind., this week. He based the statement on premium income during the first 4½ months of 1955.

Total in benefits paid to policyholders by Mutual of Omaha now exceeds \$635 million and benefit payments during 1955 are averaging more than \$1,400,000 per week, it was pointed out at the meeting. Figures published in the 1954 edition of an authoritative insurance publication were reviewed. They show that for the period 1949 to 1953 Mutual Benefit provided 15.7% more in benefits paid, claim service and claim reserves than the combined average of all other companies writing \$5 million or more in earned annual premiums on individual A&H protection.

"Our career-trained representatives play a vital role in our over-all program," Mr. Skutt said, in stressing the importance of service and integrity in making coverage clear to policyholders. This was demonstrated, Mr. Skutt said, when last year the company paid more than 600,000 claims which averaged more than 2,000 policyholders each day—with less than one fortieth of one percent (1/40 of 1%) of the claims resulting in any misunderstanding leading to litigation.

Results of a recent survey of its policyholders by Mutual of Omaha were discussed at the meeting. This survey showed that recommendations by satisfied policyholders is a most important factor in the progress of the company and in making Mutual Benefit the largest exclusive A&H company in the world.

Neville of NAIA to Take High Company Post

John F. Neville, executive secretary and general counsel of National Assn. of Insurance Agents, will leave NAIA Aug. 1 to become associate secretary of American Insurance Assn., according to a joint announcement by Joseph A. Neumann, president of NAIA, and Manning W. Heard, chairman of AIA.



John F. Neville

Mr. Neumann, on behalf of NAIA, paid tribute to Mr. Neville's work with the association and wished him well in his new post.

Mr. Neville graduated from Syracuse University and attended Fordham law school and Brooklyn law school, from which he graduated in 1939. He is a member of the American Bar Assn. and the committee on insurance law of the Assn. of the Bar of the City of New York. After engaging in the general practice of law, he was appointed associate counsel of NAIA in 1946. In 1950 he became secretary and in 1952 also became general counsel. He served as an officer in the second world war and the Korean conflict.

In his new post Mr. Neville will be associated with Mr. J. D. Erskine, secretary of AIA since it was organized in 1954. Prior to that Mr. Erskine was secretary of Insurance Executives Assn.

Mr. Neville's appointment, according to Mr. Heard, is an indication of the expanding scope and importance of AIA and the combined services of Mr. Erskine and Mr. Neville will make possible the continued efficient and expeditious handling of the increasing activities of the association.

Sees Trade Practice Confab as Ending FTC Matter Soon

**Mason Tells Chicago
Meet Long Litigation
Threat to Industry**

The difference between clearing up in a matter of months or in a matter of years the entire matter of FTC action against insurers for improper advertising lies in a trade practice conference, Lowell B. Mason, senior member of the commission, told the annual luncheon in Chicago of Insurance Federation of Illinois.

Because public confidence and integrity is the sole commodity insurance has for sale, Mr. Mason said the industry could suffer greatly if the FTC matter continues in the public eye over a long period. FTC in its 28 citations against A&H insurers said nothing against the integrity of the product, but this very thing has been questioned repeatedly by the public, he said. No matter how many form letters FTC sends out denying an attack on the commodity sold by insurers, the question still recurs.

"I can't get too much concerned if people misinterpret some of our charges against cigarettes or cold cures, but it is just as important to help maintain the public acceptance of such a vital thing as insurance as it is to prevent any false and deceptive representations in its sale," he declared.

Only a few weeks ago members of Joint Committee on Health Insurance were polled concerning advisability of holding a trade practice conference, and the idea was turned down, it is understood, because the state commissioners would not have been invited. There were both favoring and dissenting actions taken individually by trade associations, though of late it has been said there is strong sentiment for the proposal made by Commissioner Pansing of Nebraska under which such a conference would be a tripartite affair, with the commissioners attending.

Mr. Mason was introduced by E. H. Henning, president of Central Standard Life, who was reelected federation president. Also reelected were Harry H. Fuller, midwest manager of National Bureau of Casualty Underwriters and C. C. Rauschenbach, manager of Ocean Accident in Chicago, 1st vice-president. Miss Florence M. Manson continues as executive secretary and treasurer.

Besides setting up regulations with which all insurers would have to conform, including those not voluntarily following ethical standards, Mr. Mason said a trade practice conference would give the industry an opportunity to educate government in the technical problems that companies and their agencies have to live with. Without

(CONTINUED ON PAGE 53)

Late News Bulletins . . .

IMUA, IMIB Meet, Elect

H. W. Casler of North British was elected chairman of the executive committee of Inland Marine Insurance Bureau at its annual meeting in Shawnee, Pa. Other members are D. F. Cox Jr. of Appleton & Cox, E. M. Kelley of Hartford Fire, Woodward Melone of Fireman's Fund, Robert L. Maxwell of Home and John Rogers of Chubb & Son.

This was the 25th anniversary meeting of Inland Marine Underwriters Assn. and officers were reelected. L. M. Baldwin of Travelers Fire is president. New members of the executive committee are F. A. Aiken of Aetna Fire, R. E. Carr of Providence Washington, J. H. Glinnsman of Royal-Liverpool, Mr. Maxwell, and W. E. Myers of Commercial Union.

Both organizations renamed H. L. Wayne general manager and Joseph G. Bill assistant general manager.

Reciprocal, Mutual to Trade Insurance

Associated Reciprocal Exchange of Port Chester, N. Y. has arranged with Suffolk County Mutual of Southold, N. Y., to exchange insurance directly and through reinsurance. The mutual, founded in 1836, has been operating in Suffolk county on Long Island and was hard hit by Hurricane Carol last year. It has asked the insurance department for authority to issue non-assessable policies, and plans to expand to other states.

H&A Conference Approves Task Force 1 Report

Vanderbrouk Elected President at Toronto Annual Convention

BY JOHN C. BURRIDGE

TORONTO—Health & Accident Underwriters Conference by a unanimous roll call vote at its annual here became the first trade association to give its full endorsement to the report of task force 1 of the Joint Committee on Health Insurance proposing the setting up of a new, single A&H company organization. If the report is approved by the six other trade associations belonging to the joint committee, the new "Health Insurance Council of America, Inc.," will be set up to take over the area now served by the conference, and the conference will cease to exist.

An amendment to the conference constitution was adopted adding an

article to allow for establishment of machinery for dissolution by a two-thirds vote of the active members. This also was by unanimous vote.

The vote on the task force report was the climax of one of the best attended meetings the conference has ever had, a record crowd for "out of Chicago."

Because the conference is one of the two trade associations devoted solely to A&H, its action was critical and there was the keenest interest in what the outcome would be. Although from the opening address of President J. W. Scherr of Inter-Ocean to the final talk before the voting there was advocacy by the leadership for adoption of the report, there is a varied composition of membership and it was not evident until the last day that the proposal would pass, and even then there was tension until midway through the roll call when it was obvious the vote would be 100%.

Bureau of A&H Underwriters is the only other association belonging to the joint committee which is wholly A&H. It conducts its annual meeting in September.

The task of presenting the round-up talk just before the vote on the task force report fell on H. Lewis Rietz of

(CONTINUED ON PAGE 56)

Cleveland Board Chooses J. B. John as New President

Jack B. John has been elected president of Insurance Board of Cleveland, succeeding Cliff B. Dye.



Jack B. John

Thomas J. Oswald was named vice-president, and Joseph H. Bishop Jr. was renamed secretary-treasurer and continues as executive secretary.

Mr. John is the principal owner, executive vice-president and general manager of W. F. Ryan Corp. He joined the agency in 1931 after attending the University of Michigan and Western Reserve.

Mr. Oswald, a partner in the James B. Oswald Co., is a graduate of Miami University.

Paul R. Whitbeck and Donald S. McBridge were reelected to the board of trustees, and William E. Wilson was named as a new member.

In his report Mr. Dye explained the expanded educational and disciplinary programs of the board. He commended its accomplishments, particularly mentioning the second Cleveland Insurance Day, the junior fire department projects and the legislative program.

Multiple Line Bill in Ohio Progresses

As reported briefly last week, the multiple line bill in Ohio was approved by the senate insurance committee following amendments that were supported by Ohio Assn. of Insurance Agents. The measure previously passed the house by a vote of 124-4.

The senate insurance committee vote was 4-2, with Sens. Theodore Gray (R, Piqua) a son of the executive manager of the Ohio agents' association, and Ralph Humprey (R, Ashtabula) voting no. Both are agents for Buckeye Union companies.

A late appearance at the committee session was made by Fred Jones, president of Buckeye Union companies, in opposition to the measure. Mr. Jones had successfully opposed multiple line legislation in previous sessions.

Contending the insurance department is not adequately staffed to administer a multiple line law, Mr. Jones said he has opposed such a measure in order to protect "the people who make the insurance business possible—the agents." Mr. Jones contended that insurance companies in Ohio have "stormed agents into backing this type of legislation." He also indicated a fear there would be company abuses under the bill.

If the measure gets to the senate, Ohio will become the last of the 48 states to permit multiple line underwriting.

Stops Letter Supplies

Excelsior has discontinued supplying agents with free imprinted letterheads, envelopes and blotters so that agents may patronize local stationery suppliers and printers. The stationery firms have complained that they buy their insurance from the agents and that the agents should buy their stationery from them. The decision was made at a recent directors' meeting.

Empiro Adds Flood, Earthquake Perils to Manufacturer Policy

NEW YORK—Multiple Peril Insurance Rating Organization has made available flood and earthquake endorsements for the manufacturers output policy. The basic policy covers flood and earthquake damage to automotive vehicles (licensed), rolling stock, salesmen's samples, patterns and dies, cameras, scientific instruments and similar equipment of a mobile nature not intended for sale. It also covers exports, property in transit, imports, property in the custody of processors and damage by fire, theft or explosion ensuing from flood or earthquake. However, flood and earthquake are otherwise excluded.

The new endorsements eliminate the exclusions altogether as to these perils. They are subject to per location and aggregate limits, with the per location limits not applying to automotive equipment, etc., covered under the basic policy. The flood endorsement also contains a per disaster limit. The aggregate limits for both endorsements are annual. The increased rates for flood and earthquake coverages are developed through deficiency points in the major loss rate tables. These are determined through values in known flood and earthquake areas.

In another change in the manufacturers output manual, Empiro authorized a theft damage endorsement without additional charge. This endorsement covers damage to the building or portion of a building containing insured property caused by theft or attempted theft, if the insured owns the building or is liable for the damage. The endorsement does not apply to fire damage.

Minimum normal loss rates have been graduated, depending upon the amount of any deductible used. These now range from 4 cents for flat coverage or a deductible up to \$99, to 1 cent where the deductible is from \$2,500 to \$4,999. The normal loss rate does not apply to risks written subject to a deductible of \$5,000.

Chicago Insurance Lawyer Takes Treasury Post; New Name for Law Firm

John P. Barnes has been sworn in as chief counsel of the internal revenue service and assistant general counsel of the Treasury Department. Mr. Barnes, who has been a partner in the Chicago insurance law firm of McKinney, Carlson, Barnes & Smalley, will be in charge of income tax regulations, legislation, trial work and appeals. He has been prominent in the insurance law field at Chicago for a number of years, and has been with McKinney, Carlson since 1951.

James C. Leaton has become a partner in McKinney, Carlson and the new firm name is McKinney, Carlson, Leaton & Smalley. Mr. Leaton has been with the Chicago law firm of West, Leaton & West. He is president of the Chicago crime commission and is a prominent trial lawyer in Chicago.

Southwestern General Increases Capital

Southwestern General of Dallas has increased its capital by \$800,000. According to President John A. Steel, company assets gained about 60% last year to \$3.4 million, with policyholders' surplus of \$1.4 million.

HERE is the answer

AGENTS AND BROKERS ERRORS & OMISSIONS COVER BROADENED

Those whose business it is to protect others should be among the first to protect themselves. Now you—as an agent or broker—can safeguard your business for less, and at the same time enjoy broader coverage than ever before.

Under the new contract, the deductible applies only to the loss—and does not apply to costs or expenses incurred in the defense of such loss.

In addition, you can now save money by purchasing Agents & Brokers Errors and Omissions for a three year term at 2½ times the annual premium. Or, if you prefer, a three year policy at three times the annual premium less ten percent payable on a 40% — 30% — 30% installment basis.

Further savings result from the reduced rates and increased commission we can now allow.

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Iowa Assn. Protests Blue Cross Week, Elects C. J. Smith

**350 Agents Hear Talks on
Facing Competition, Sales
at Annual at Des Moines**

DES MOINES—Charles J. Smith of Des Moines was chosen president of Iowa Assn. of Insurance Agents at the annual convention here, succeeding Robert A. Brown of Waterloo. It was the largest meeting in the association's history, with 350 present.

The association adopted a sharply worded resolution addressed to Gov. Hoegh protesting the issuance of a state proclamation designating Blue Cross week in Iowa. It pointed out that the office of governor should not be used to further the individual and special interest of any one plan of hospital insurance, but should include all plans of hospital insurance approved by the insurance department.

In the only other major resolution, the association pledged support to companies that follow the agency system and condemned any encroachment which might jeopardize the renewal business by agents.

C. B. Donahue of Hampton, a director who was named to the executive committee and recipient of the first past president's award, also was winner of the man of the year award at the annual banquet. He received the award for the most outstanding service to the association and the agency system during the year.

Mr. Donahue, who has been a district director a number of years, was largely responsible for setting up a group insurance plan for the association. Although the plan was not in force until March 10, Mr. Donahue said more than 50% of the members are already taking part in the plan.

The association made numerous changes in its slate of officers and added an additional executive committee member and provided that the 12 regional vice-presidents shall be elected within their own districts rather than appointed by the executive committee.

William C. Brunk of Ottumwa, a past president, retired as state-national director after three years, and was succeeded by William Grandy of Sioux City, president of the association in 1948.

Dorr H. Hudson of Iowa City, a member of the executive committee, was named vice-president to succeed Mr. Smith; Lee M. Miller of Cherokee, also an executive committee member, was elected treasurer. H. H. Nelson of Council Bluffs, former treasurer, was named to the executive committee with Mr. Donahue, Raymond Connable of Keokuk, and Robert D. Cline of Des Moines. Mr. Cline formerly served in the same post and Mr. Connable has been a regional vice-president.

Arthur M. O'Connell, executive committeeman of National Assn. of Insurance Agents, highlighted the first day's session with his talk on "Operation Survival". He declared that competition primarily involves the human equation, knowledge, personality, service, integrity, intelligence, sales ability

(CONTINUED ON PAGE 54)

NFPA Convention at Cincinnati Has Big Insurance Crowd

CINCINNATI—Insurance men were well represented at the annual meeting of National Fire Protection Assn. here. There were 35 representatives of the insurance business taking an active part on the program. In a crowded week-long schedule, ranging over a multitude of highly technical subjects, the theme of the meeting was freedom from fire in the home, at work, on the sea and on the planning board. Practical fire underwriting knowledge supplied background for a fair share of the talks.

E. F. Reske, manager Cook County Inspection Bureau, presented revised standards for garages which were tentatively adopted. He said increases in open parking structures have been a source of study by the garage committee, which he heads. An informal survey of such structures in the Chicago area indicated that low ceilings and natural eddy currents help reduce hazard. However, sprinkler systems are important for open parking garages which have more than six levels.

W. G. Schultz, chief engineer for Lumbermens of Mansfield, talked on the responsibilities of lumber dealers to their communities, with some emphasis upon the responsibilities of communities to lumber interests. There is no question that lumberyards are conflagration breeders, but insurance men have found that lumber dealers are generally super-conscious of the responsibilities. Too often, inadequate zoning laws will permit building up around a lumber yard which was originally located in an isolated area specifically to avoid danger to the

Hecht Co. Reports Counter Sales to Cease on July 11

WASHINGTON—Management of the Hecht Co. department store has notified District of Columbia local agents that its arrangements with Farm Bureau for over-the-counter sales of insurance in three of its stores, in Washington, Silver Spring, Md., and Arlington, Va., will be ended July 11.

That is the date that Farm Bureau said it will conclude its experimental period at which time Farm Bureau will evaluate the sales project.

public. Another problem, Mr. Schultz pointed out, is that, following a serious lumber yard fire, public tempers are high and unrealistic and overly restrictive laws and ordinances result.

W. J. Baker, technical department manager for North America, reported as chairman of the NFPA general manufacturing and distributing concern is finding itself more and more concerned with the need for warehouse space, Mr. Baker said, and too often this is regarded as an overhead headache. Warehouse buildings are being constructed for maximum storage, with little or no attention to fire prevention. Height and area of piles are not carefully controlled. Aisles are being reduced in width. Fork trucks, Mr. Baker said, are being designed to operate in smaller aisles.

Among insurance men with active parts in the NFPA meeting were R. E. Verner, fire prevention manager of Western Actuarial Bureau. Mr. Verner is chairman of the NFPA board. H. T. Freeman, Manufacturers Mutual Fire president, is treasurer of NFPA.

Other insurance men participating
(CONTINUED ON PAGE 54)

Record RMTC Delegation Names Haggard Chairman

**Succeeds Thatcher;
Whitfield, Sackman
New Vice-Chairmen**

By CLARENCE W. HAMMEL

Rocky Mountain Territorial Conference had a record registration of 483 for its meeting at Colorado Springs. The following officers were elected: Jerry Haggard, New Mexico, chairman; R. H. Whitfield, Wyoming, vice-chairman; John Sackman, Colorado, second vice-chairman; Don L. Nabity, Colorado secretary-treasurer.

Roundtable discussions were penetrating throughout the two-day meeting and the attendance at all sessions reflected the seriousness with which current problems were met.

Outgoing Chairman George Thatcher of Colorado presided over the opening session and introduced Sam N. Beery, Colorado commissioner, who urged all agents to sell themselves as well as their coverages to present policyholders as well as to prospects.

Charles Schoelzel of Denver moderated a work shop highlighting the activities of RMTC's nine-man contact committee. Ralph Austin of Colorado urged the group to make competition as well as meet it. Henry Paul of Wyoming discussed the work of the committee on multiple line problems. Robert Bronson of New Mexico outlined ways to help the contact committee function more effectively: Dwell on problems affecting many agents—not just a few; when things come up, contact the committee right away to allow sufficient time to prepare a good case for the cause.

H. M. Mack, Mountain States Inspection Bureau, reported that as a result of the committee's work, the minimum premium rate rules have been increased from \$1 to \$2 and that it is now permissible to transfer fire insurance from one dwelling to another. Mr. Schoelzel said the "insurable interest" of a new mortgagee should be clarified in light of the new fire policies.

New Mexico agents added levity to the noon luncheon by presenting Ralph Apodaca, New Mexico commissioner, with a fire hat to wish him well in his new duties as fire marshal.

Edward Scharetz, advertising manager of Fireman's Fund, used as his luncheon topic "Are You Doodling or Advertising?" He pointed out that competition to the agency system is being built on advertising and it is necessary for agents to advertise their facilities and services also. Mr. Scharetz said 80% of the people buy through salesmen. "You are the best advertisement and you have to put a price on yourself. For the average salesman it costs \$20 to make a personal call. In 80% of sales made the printed message is retained better so that the combination of audio and visual is more effective in selling."

A survey reveals that out of 1,952 working hours in a year, 12% are spent working in the office and 38% traveling, he said. Selling only six months a year emphasizes the need for more frequent contacts through advertising to get more chances for sales.

Mr. Scharetz laid down these steps to
(CONTINUED ON PAGE 55)

Chicago I-Day Hears Time to Take Stock, Defend Agency System Against All Comers

By WILLIAM H. FALTYSEK

Numbering nearly 1,000 strong, Chicago producers met for their 10th annual I-Day Tuesday of this week with double-edged swords of service and imagination unsheathed in solid array against any threat whatsoever to the American Agency System.

Heading the stand was W. F. Kuffel of Kuffel-Eggert & Co., Insurance Day committee chairman, who called attention to the fact that some union people are now being asked via *The Daily Worker* to have insurance agents show their union card. Now is the time for producers to show their "union cards" by joining their trade association, the Chicago Board. Only in this way can common problems be resolved, he said, foremost among them being the ever-present threat of the direct writer. "United action is the only way, and we must never forget that regardless of the title—local agent, metropolitan agent, broker, general agent, etc.—we are all producers and members of the American Agency System, and it is enterprises such as ours that make our country great."

George V. Whitford, vice-president of Fire Association, speaking on "Packages—Pandora's Box or Paradise?", made a strong plea to the producers to realize that the revenge of Pandora's box is not represented to-day by homeowners protection, indivisible premiums, block policies and "all risk" plans but they are in reality

the "last creature" left in the box. "Wailing and cursing won't put the monsters back in Pandora's box," he said, "but we can take refuge in that last bird to escape—Hope—and hope that many of the changes that seem like monsters might really be the tools for salvation."

Mr. Whitford stressed that the trend today is to broaden discount effort in more and more categories and to keep in mind that no matter what the business, insurance or otherwise, those seeking mass markets can't be kept out forever. The idea is to pre-sell people before they go to "garden centers", department stores, etc. It is important to realize there is an evolution going on in buying methods and this also includes insurance.

That price is highly important in consumer decision must be recognized, he said. High cost practices in the insurance industry will have to be abandoned; more operations will have to be done electronically. He also mentioned one step alone as an example of savings as the "centless" homeowners policies, A, B and C, with a subsequent savings in accounting costs.

"The cocktail party has to end," he said. Some of these money and time saving devices must be put into practice. "We must recognize that dynamic selling accompanied by a fair price is the key to success."

Robert I. Mehr, professor of economics, University of Illinois, speaking
(CONTINUED ON PAGE 55)

Oklahoma Agents Have Record Rally

Superb Service Agency System Hallmark: Hunt

'Would Hesitate Advising Catalogue Buying as Substitute,' Sooners Told

OKLAHOMA CITY—The American agency system "is the only one that renders superb service to the insuring public," Commissioner Hunt of Oklahoma told the agents' meeting here. He emphasized he is "100% for the system," but indicated that it faces stiff competition.

Reviewing statistics on auto business produced by the principal writers in Oklahoma last year, Mr. Hunt said Allstate was right among the leaders though it had many fewer agents. The commissioner remarked that "mail order catalogues play a prominent part in the lives of some people, but I would hesitate to recommend catalogues as a substitute for the insurance agency system." He also looked upon the statistics as evidence increased rates won't answer all auto problems in the state. Only recently the commissioner disapproved a National Bureau filing asking for a private passenger rate increase and installation of the seven-classification plan, though he did approve a 24% increase in commercial auto rates.

As an answer to some of the agents' problems, Mr. Hunt expressed the belief that renewal of policies without the counter-signature of a resident licensed agent should be prohibited, and that policies should not be permitted to be issued or renewed for an indefinite period of time. Placing of insurance in non-admitted companies, permissible if insured receives permission from the commissioner and pays the premium tax, is another problem, he said. The objection is evasion of the regulation of rules, rates and policy forms for those coverages. He said that department records show very few have received the commissioner's permission, and only \$252 has been collected for these coverages in premium taxes for the current year.

"These are public records and we solicit your participation in our present investigation of this matter, which concerns Lloyds of London and other non-admitted insurers, to ascertain as to whether or not there has been a violation of our statutes."

The commissioner said he has also received notice that some mortgage firms are beginning to charge transfer fees on policies, "confronting the department with another problem."

"We are faced with federal regulation and it is later than we think," Mr. Hunt said in referring to the federal group life insurance plan, the proposed group A&H program for federal employees and other proposals as strong indication that state supervision is being ignored. He said it is difficult to convince the state's congressmen that insurance is being regulated in Oklahoma in accordance with public law 15, when "the commissioner has only two assistants, a life actuary in

(CONTINUED ON PAGE 55)



New officers of the Oklahoma agents association: From left: J. J. Quinn, Bartlesville, president-elect; Homer W. Peay, Ada, president; Ed Polk, Oklahoma City, secretary-treasurer, and Ralph R. Carlin, Oklahoma City, vice-president.

J. V. Addy Cautions Against Giving Up Agency Functions

OKLAHOMA CITY—Beware the insurer which is willing to take over and perform the normal functions of a local agent, admonished John V. Addy, vice-president of Appleton & Cox, at the meeting here of Oklahoma agents.

Mr. Addy said these insurers may offer to do policy writing, engineering and claim work, removing the agent entirely from the picture; survey and analysis work and even collect the premium. "Every normal function which you surrender to a company can only weaken your position and it may not be long until this fact is pointed out to you in future discussions about your place in their insurance picture," the speaker cautioned.

Mr. Addy deplored the practice, both in and out of the business, of giving impressions to the buying public that the local agent is over paid. He also said some stock companies should stop trying to improvise schemes of handling their business to minimize the agent's importance. If such insurers are unhappy about the agency way of doing business, they can find other ways to sell their product and not subscribe half-way to the system and half-way to "half-baked schemes of merchandising."

There will always be "price buyers," people who will be "satisfied with a little less for a little less," Mr. Addy said. The agent should not be concerned about such buyers, as for years they have bought inferior products from cut-rate organizations. They should be discarded.

Many prospects, however, will be misled by some of the current insurance advertising, Mr. Addy said. These are the prospects the agent must concentrate on and convince they will be making a mistake if they deal with direct writers or cut-raters.

In recent years, Mr. Addy commented he has noticed a trend in agencies to keep the insurer's name in the background, and to feature and promote

BOGGS REPORTS

Okla. Agents Can't Compete for Top Auto Business

OKLAHOMA CITY—Refusal of the Oklahoma department to approve a National Bureau of Casualty Underwriter's filing continues private automobile coverage as one of the state's most serious problems, Foster P. Boggs of Tulsa said in his presidential report at the convention here.

For four years, Mr. Boggs said, National Bureau companies have been "spinning their wheels" in an attempt to secure proper rates and a competitive classification plan. The rate increase under the present three-class plan was the only alternative left the bureau after department disapproval of its filing.

Noting that he strongly opposed the acts of both the board and bureau, Mr. Boggs said the resulting situation could completely force agents who want to place their business with a national bureau company out of the preferred lines market. In addition to existing competition, he said it is probable many independent stock companies will make their own special filings to preserve as much of the preferred business as possible. He averred he foresees nothing but a "chaotic mess facing us under such circumstances, to the detriment of every bureau company and its agents."

Mr. Boggs described the present three-class system as more discriminatory than the seven-class plan. Under the latter, more persons would be

(CONTINUED ON PAGE 55)

their own organization. No one can find fault with that, he said, "but perhaps today with companies which do not operate through agencies flooding the country with literature, financial statements and such, you should give serious thought to keeping your clientele advised as to what kind of companies you do business with." The prospect at least should be given the opportunity of comparison, he stressed. The company is not an opponent but a partner with the agent.

H. W. Peay Succeeds Boggs as President, Quinn Moves Up

Oklahoma City Annual Draws Record Attendance, Features Strong Program

By CHARLES C. CLARKE

OKLAHOMA CITY—Oklahoma Assn. of Insurance Agents at a record breaking convention here last week gave strong indication that it will be in the forefront of the producer battle against non-agency competition and usurpation of agent prerogatives by insurers. Besides establishing a registration record of more than 600, the meeting will go down as one of the most enthusiastic staged in the Sooner state. The program framers brought in speakers who bluntly told the agents what they must do if their agency system is to be perpetuated, and many of the problems inside the agents' own house were aired and a resolute approach to solutions decided upon.

Homer W. Peay, Ada, was elected president, succeeding Foster P. Boggs of Tulsa. Other officers are J. J. Quinn, Bartlesville, president-elect; Ralph R. Carlin, Oklahoma City, vice-president, and Ed Polk, Oklahoma City, secretary-treasurer. The state national director is Dave R. McKown of Oklahoma City, a member of the NAIA executive committee, and Carroll Sweicky continues as executive secretary.

Newly named to the executive committee was Wayne Smith, Lawton, and reelected to that group were Harlan S. Pinkerton, Tulsa; Lawrence D. Schreiner, Clinton, and James L. Reinmiller, Hobart.

The new president started in the agency business at Ada in 1936, serving there since except for four years during World War II when he was an air force glider pilot. Mr. Peay is a past president of the Ada board and currently on the local board committee of NAIA.

A resolution asking consideration be given, by an association study committee, establishment of a workmen's compensation assigned risk plan in the state was tabled. Arguing against the proposal, Mr. Boggs said WC business in the state is better now than it has been for some time. He remarked he was not in favor of any plan that would "provide the companies an easy way out." A proponent declared he would rather see an assigned risk plan established than have to refer a single policyholder to the state fund.

A resolution was passed requesting the legislature to increase substantially the insurance department appropriation. Unless more money is forthcoming, it was stated the specter of federal insurance regulation will loom larger. Plans were made to get wide distribution of the resolution, and to the proper sources.

Another resolution complimented insurance company advertising in support of the agency system.

The president's cup for outstanding (CONTINUED ON PAGE 55)

Says Good Agents, Claims Men Needed to Meet Competition

By giving better, honest and complete service agency companies will be able to keep well abreast of the competition, Hugh D. Combs, senior executive vice-president of U. S. F. & G., told Georgia Assn. of Insurance Agents at Atlanta.

The multiple line stock company, in effect, tells insured he is paying more but is buying more, he is paying a little bit for the services of a thoroughly trained, competent agent to see to it that he buys proper and complete insurance and that he will be relieved of work and worry when catastrophe strikes.

The business must see to it that this promise as made is faithfully kept, Mr. Combs said, as there is nothing more provoking to insured to pay premiums for a long time only to find that a small loss will not be paid or that it is paid only after delay, and grudgingly.

Unfortunately for the business there are still companies which deny liability and refuse to pay reasonable, just claims, because the amount involved is presumably too small for a lawsuit. There are companies which have limits they offer, such as \$3,500 on a \$5,000 policy or \$7,500 on a \$10,000 policy, justifying their position by an assertion, of course, that that is all the case is worth.

Some of these companies will suggest or permit a contribution by insured within the limits of his policy if insured insists that the case is settled. If it can be proved that this was done in bad faith, then such a company may be held responsible for a verdict in excess of the policy limit. But proof may be difficult, and it is entirely unfair to accept any contribution from insured until the limits of his policy have been exhausted.

Mr. Combs said unfair tactics resorted to by a few insurance companies have built up in the minds of the public prejudice which has hurt all insurers. This is reflected at times in the attitude of courts and juries when excessive verdicts have resulted.

It's true that companies trying to do what is right and fair are on occasion embarrassed by overzealousness on the part of claim men. The claim man, on the other hand, frequently has difficulty in determining just what is the right thing to do, just what is covered under the policy, and there are times when situations arise which require broad interpretation at the executive level. A good claim man will use restrictions as a "shield and not as a sword," but where he exercises his best judgment and decides to pay a claim he should be backed up by his superiors.

The competent and liberal handling of claims will not only reduce competition, but will avoid bad law and bad public relations.

In talking on competency in the agent, Mr. Combs said direct selling of one or two types of policies at cut-rates has resulted in raising a question in the minds of some people as to whether the services of an insurance agent are worth the cost. The services rendered by the agent are well worthwhile when properly rendered and utilized; but those in the business must be sure that the public is made to realize the truth of this assertion.

The public must be told about the insurance agent's value to them, but the telling must be followed by action.

The goods must be delivered; and the agent by his competence must justify his commission, and the companies which do not cut rates for insurance must be sure they deliver greater value.

Claim-wise, the stock insurance companies have well proved their worth, he asserted. The services they have rendered to insured in the face of many difficulties have indeed been outstanding. But there are still too many agents who are satisfied to skim off the cream of insurance and let somebody else have the skimmed milk.

The man who takes care of only part of an insured's interests is furnishing ammunition to the mail-order purveyors and those who say there is no need for an insurance agent.

Mich. WC Commission Bill Goes to Governor

Michigan's legislature has sent to the governor a bill which would reorganize the workmen's compensation commission and abolishes the commission as it is at present.

Under the measure, a director of WC would be designated executive officer, working through a three-member appeals board hearing cases not finally decided by hearing deputies. It carried out recommendations of a legislative study commission.

Under the bill, the director would be named for a six-year term at an annual salary of \$13,500. The appeal board members, two of whom must be lawyers, will give their full time to the work and be paid \$12,500 a year. Offices would be maintained both in Detroit and in the upper peninsula.



Are you the agent

who always seems to have a

**MAN
ON
YOUR
BACK?**

The man on your back is the insured with a claim he wants settled — now! A risk written with Bituminous would have kept him "off your back" from the start. For Bituminous adjusters know

the coverage — they know the answers, the result of the

best training in the business. And they can make the

adjustment — right, and right now — because they have the necessary authority. Thirty-eight branch claim offices in 23 states

will take that man off your back, and keep him off Another

Bituminous plus service which adds up to satisfied clients, more business. Get set with Bituminous and see.

Write today for the Bituminous story.

BITUMINOUS



CASUALTY CORPORATION

BITUMINOUS FIRE AND MARINE INSURANCE COMPANY

Rock Island, Illinois

Specialists in Workmen's Compensation



SELL HARDER!

No. 3 of a Series

Follow Client's Changing Needs

One advantage the local agent has, because of his location in the community he serves, is the opportunity to keep close tabs on his clients' insurance situations. Personal and business fortunes are not static and frequently changes occur which produce new exposures or the need for larger amounts of insurance. Agents can benefit from following closely all community personal news such as home sales, social and club life, marriages, deaths, and business personnels. Similar following of all activities and reports on the business in the community, sales and financial results, new buildings and alterations for expansion, and new machinery purchases should prove equally beneficial. In such news lie opportunities not only to increase your premium income, but important also, to impress upon your clients that your service includes constant alertness to their insurance interests. It is knowledge of the latter fact which will keep your clients convinced that your services are worth their cost, and will deter them from accepting self-service, direct writing competition.

Commercial Union
Assurance Co. Ltd.
The Ocean Accident &
Guarantee Corp. Ltd.
American Central
Insurance Company
The British General
Insurance Co. Ltd.
The California
Insurance Company
Columbia Casualty
Company
The Commercial
Union Fire Ins. Co.
The Palatine Insurance
Company Ltd.
Union Assurance
Society Limited

The field representatives of the Commercial Union - Ocean Group are co-operating daily with agents and brokers in their efforts to win recognition as professional local advisors from whom it pays to buy insurance protection and service.

COMMERCIAL UNION- OCEAN GROUP

HEAD OFFICE • ONE PARK AVENUE

NEW YORK



ATLANTA

CHICAGO

SAN FRANCISCO

Joint Effort to Meet Competition Urged by Chandler in Talk Before Fla. Agents

A joint effort by the agency system and stock companies to meet the competition of direct writers and specialty companies was urged by W. Stephen Chandler, vice-president of Phoenix of Hartford group, at the annual meeting of Florida Assn. of Insurance Agents at Miami Beach.

He said it was inevitable that agents and companies develop a method of counter attack which will "slow down the present onslaught." They can achieve success only if they "become motivated by a unified zeal to conquer and jointly attack the problem—and not each other."

There is a logical explanation for the sudden strides the specialty companies have made. If properly diagnosed, it means that in the future agency selling and servicing time is going to have to take precedence over every other agency activity.

He declared cut-rate competition is not new . . . but now a significant new look has been added which gives a different aspect to the picture, one factor being the dynamic and sustained advertising being conducted on a lavish scale by the non-agency companies. Another factor is the ever increasing demand of the insurance buying public for more value for the dollars they spend.

Mr. Chandler said the American buying public has become price conscious as never before and is raising a new generation which has been subjected to "daddy's bragging" about the discounts he gets. Isn't it natural for them to follow in their parents' footsteps when they start buying insurance? he asked.

Indifferent service has added fuel to the desire to try the highly advertised indemnity, especially since many people buy auto insurance only because they are compelled to. Only about 1 person in 10 ever sustains a loss and has need to test the integrity and service behind the policy. Therefore, the other nine customers may be forever lost to the fold.

He said the picture is further aggravated by the fact that to sustain their judgment they continue to "plant the same insidious seed" in the minds of their friends.

An agent can do a great deal to

strengthen the regard in which he and his companies are held. If he voices criticism of his companies and the business to the public he destroys the thing he is trying to build—faith in his own business and the companies he represents.

He noted that progress is being made in educating the public, insurance-wise, on the idea of buying up to quality and not down to price, citing National Board advertisements and those by stock companies emphasizing the merits of quality indemnity and the valuable services of the local agent.

Because of rising costs of operation, he said it was necessary for agents to improve their operating efficiency. For example, clerical help should be the most capable obtainable and should be trained constantly to develop the most efficient system possible.

Mr. Chandler said in discussions with agents he found that while they deplore the high costs of operation they readily admit there is much room for improvement in their operations.

He recommended that they study and appraise the value of the many new systems and equipment especially designed to get rid of costly lost motion and duplication of effort. There is every likelihood that substantial improvements can be made in record management, collection methods or selling procedures, he said, if the agents he talked with were typical.

Discussing fundamentals of good management, he said one of the most important factors is a definite sales plan which insures selling by intention and not by chance. Today's most successful managers have long employed as a competitive weapon the method of selling accounts and not policies, thereby cutting costs and salvaging valuable selling time.

Customers are frequently lost in a moment of delay, confusion or error. Therefore, a well-devised and efficient filing system is paramount to sound administrative control, but agents shouldn't become pathological accumulators.

Mr. Chandler said he recently completed an extensive field trip during which the homeowners policies were the principal topics at each agency visit. In view of the clamor that has gone on for years for package policies he would have thought that the advent of such policies would be greeted with jubilation and that prompt steps would be taken to see that all clients who needed such coverage were told about it promptly.

However, the opposite has happened. There generally seems to be a molasses-like slowness in learning the details of the coverages and making the most of one of the greatest competitive sales opportunities in years. Meanwhile, the more aggressive-minded agents are getting new business by the bucketful and the other agents do not even realize they have lost the business due to the "other insurance pick-up endorsement."

Mr. Chandler said he found one agent who had sold over 100 homeowners contracts within the past six months, with policy premiums averaging over \$275. The homeowners policy is the best bet an agent has to lick the non-agency cut-price attack on preferred dwelling-fire business and, at the same time, cut

(CONTINUED ON PAGE 50)

Financial Statement

as of
December 31, 1954



MULTIPLE LINE FACILITIES

Fire • Fidelity & Surety
Burglary • Plate Glass
Workmen's Compensation
Misc. General Liability
Automobile • Allied Lines

ASSETS

Bonds	\$ 8,080,378.34
Stocks	2,459,271.16
Cash in Banks & Offices.....	1,337,417.26
Agents Balance (not over 90 days).....	1,121,536.85
F.H.A. Mortgages	31,285.74
Home Office	326,681.49
Accrued Interest & Misc. Funds.....	424,668.66
Total Admitted Assets.	\$13,781,239.50

RESERVES AND SURPLUS

Claims Reserve	\$ 5,069,992.35
Unearned Premiums	4,355,421.86
Commissions	41,845.98
Tax Reserves	323,923.45
Miscellaneous Reserves	672,289.89
Voluntary Reserve	\$ 817,765.97
Capital	1,000,000.00
Surplus	1,500,000.00
Surplus to Policyholders.....	3,317,765.97
Total Liabilities.....	\$13,781,239.50

ANCHOR CASUALTY COMPANY
SAINT PAUL, MINNESOTA



Financial Statement

JANUARY FIRST NINETEEN FIFTY-FIVE

As of December 31, 1954, as reported to the Department of Insurance, State of Illinois
All bonds amortized. Stocks at book value, which is less than market value.

ASSETS

Cash in banks	\$ 4,108,510.68
U. S. government bills, certificates and notes	20,534,669.62
U. S. government bonds	23,979,963.27
State, county and municipal bonds	3,503,787.99
Public utility and other bonds	1,361,732.77
Stocks	540,950.06
First mortgage loans on real estate	75,709.07
Premiums in transmission	3,531,107.02
Accrued interest and other assets	727,424.93
Total assets	\$58,363,855.41

LIABILITIES

Reserve for losses and adjusting expenses	\$29,688,131.00
Reserve for unearned premiums	12,935,912.00
Reserve for taxes, expenses and reinsurance	3,517,338.16
Reserve for dividends to policyholders	4,222,474.25
Reserve for portfolio fluctuation	500,000.00
Reserve for contingencies	500,000.00
Total	\$51,363,855.41
Capital stock	\$3,000,000.00
Net Surplus	4,000,000.00
Capital stock and surplus	\$ 7,000,000.00
Total	\$58,363,855.41

Securities carried \$3,103,783.16 in the above statement are deposited as required by law.

American MOTORISTS INSURANCE COMPANY

James S. Kemper, chairman

Hathaway G. Kemper, president

Chicago 40

BRANCHES IN: ATLANTA · BOSTON · LOS ANGELES · NEW ORLEANS · NEW YORK
PHILADELPHIA · SAN FRANCISCO · SEATTLE · SYRACUSE · TORONTO · VAN WERT, OHIO

Reinsurance

Casualty, Fire, Marine, Miscellaneous

Pro-Rata—Quota Share—Excess Loss
Treaty and Facultative

Excess Covers Including
Steam Boiler, Fleet, Motor Cargo, Aggregate,
Liability, Workmen's Compensation

DOMESTIC AND FOREIGN MARKETS

EXCESS UNDERWRITERS, INC.

Howard E. Mankin, Executive Vice-President
Home Office, 175 W. Jackson Boulevard, Chicago, Ill.
San Francisco Office, 582 Market Street

**"You may
FIRE
when ready, Gridley!"**

Be ready with this tremendously effective barrage which you can lay down on your objective—your prospect list! These colorful folders are already developing business for alert Camden agents. Be sure to get your "Surprise Package" while the supply lasts.

If you don't represent The Camden now, send this coupon for a copy of our new "Surprise Package". Do it now.

"YOU NEED BOTH"

THE CAMDEN FIRE INSURANCE ASSOCIATION
Camden 1, New Jersey

Sounds interesting. Send sample copy of your "1955 Surprise Package".

NAME _____

ADDRESS _____

CITY _____

ZONE _____

STATE _____

Va.-D. C. Mutual Agents Hold Annual

WASHINGTON—At its annual meeting here Mutual Insurance Agents Assn. of Virginia and District of Columbia elected D. B. Robertson of Bassett, Va., president; George Blanchard of Portsmouth, E. G. Adair Jr. of Culpepper and Berkley P. Walters of Richmond, vice-presidents; William B. Graham, treasurer, and Dorothy Massie, executive secretary, the latter two reelected.

New directors are Mr. Burke, E. G. Adair Jr. of Culpepper, C. S. Cannon Jr. of Norfolk, Claude V. Hyson of Washington and Charles A. Remstetter of Richmond.

Officers reported on a study being made by the Virginia advisory legislative council on a proposal to establish a state board of examiners to conduct examinations and determine qualifications that applicants must have to be licensed as agents.

It was indicated this would be one way of dealing with the problem of part-time agents. The council's report on this study goes to the governor, who is expected to make a recommendation on it to the state legislature in January. The board of examiners would be composed of five resident agents.

President G. Anderton Burke of Alexandria, discussing direct writers, particularly Allstate, said, "Are you going to let your client be a name—or are you going to let the Allstate make him a number? The answer is up to you."

J. F. Montgomery, president national association, spoke on association activities.

At the discussion of agency business, Mr. Hyson, convention chairman, acted as moderator. Philip L. Baldwin, executive secretary of the national association, summarized this discussion. There was a "fire prevention demonstration" by Charles L. Fleetwood, assistant manager of Grain Dealers Mutual Agency, Indianapolis, and a talk on "Picture on the Package" by James L. Eberly, claim manager of Lumbermen's Mutual of Mansfield, O.

Other features included a talk on mutual taxation by Hyde Perce, secretary of mutual insurance committee on federal taxation; a film on "How to Sell Quality", courtesy of Mill Owners Mutual Fire of Des Moines, a tour of the city and luncheon for ladies attending the convention by Michigan Millers Mutual Fire; a golf tournament at which Charles M. Boteler Jr. of Washington served as chairman; social hour at which Lumbermen's Mutual of Mansfield was host, and a banquet, misc

Boston-Old Colony Names Kinkhorst at Seattle

Boston-Old Colony has appointed D. K. Kinkhorst as special agent at Seattle for western Washington, succeeding James Ferguson, who has resigned. Mr. Kinkhorst spent two years with America Fore's hail and farm department in Des Moines and about a year and a half ago he was transferred to Seattle as special agent for that department.

Discusses Backaches for Adjusters' Group

The causes and accompanying pre-existent diseases of industrially caused backache were discussed by Dr. Homer C. Pheasant of Los Angeles at a meeting of Casualty Insurance Adjusters Assn. of Southern California.

Insurer Loses Completed Operations Case

Tennessee court of appeals, in Bituminous Casualty vs Briley, reported in 8 CCH (Fire & Casualty) 627, decided a close question of when operations are "completed" within the meaning of a liability policy in favor of the insured. The line between premises, and operations liability insurance on one hand and product or completed operations coverage on the other has been litigated several times in recent years and insurers have lost most of the cases. The Bituminous Casualty case is particularly annoying to casualty people, because the relatively recent policy provision that "operations shall not be deemed incomplete because improperly or defectively performed" did not help the insurer.

Briley, the insured, had been engaged to install plumbing and electrical fixtures in the bathroom of a customer. He had installed an electric fan, but not a ground wire for it. The customer's wife was electrocuted by the fan.

The insured had premises and operations liability insurance, but no product or completed operations cover. The insurance had the usual exclusion of liability for accidents occurring after operations have been completed or abandoned, except for pick-up and delivery and the existence of tools, uninstalled equipment and abandoned or unused materials, and also contained the statement about operations not being incomplete because improperly or defectively performed. Bituminous Casualty denied coverage and Briley settled the case himself, through his personal attorney, suing the insurer for reimbursement.

The Davidson county circuit court gave Briley a judgment apparently largely on his testimony that he had other things to do in the building before his work was completed and that he intended to go back and install the ground wire when he picked up his tools. The appellate court affirmed the judgment, with little comment on this portion, pointing out that it was in order for the trial judge to take a view favorable to the insured. The opinion devotes considerably more space to Bituminous Casualty's argument that the insured had breached coverage by settling with the claimant, pointing out that it is established law that, once a liability insurer has denied coverage, the insured is entitled to defend or settle a claim on his own and a reasonable settlement, which the court held Briley had made here, is binding on the insurer if coverage is later established.

Mich. 1752 Club Has Six Round Tables

The Michigan 1752 Club held six meetings in an insurance round table at Dearborn, Marshall, Mt. Pleasant, Frankenmuth, Grand Rapids and Lansing with more than 300 persons attending. Under discussion were selling coverage for the small business and selling coverages needed by the home owners, including new fire forms. George C. Bubolz of East Lansing is president of the club.

Agency Represents Agricultural 70 Years

The Evarts-Tremaine-Flicker agency of Cleveland has been presented a plaque by Agricultural for 70 years of continuous representation of the company. John S. Lawton, secretary, and William Rardin, state agent, made the presentation.

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May 19, 1955

The NATIONAL UNDERWRITER

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Casualty Actuaries to Meet May 26-27

Casualty Actuarial Society will hold its spring meeting at Edgewater Beach hotel in Chicago May 26-27. The highlight of the meeting will be an informal dinner Thursday evening at which Gardner Fuller, vice-president of Lumbermens Mutual Casualty, will be master of ceremonies, and Henry Moser, general counsel of Allstate, will be principal speaker.

At the business sessions there will be two panel discussions. The first will be moderated by Francis Perryman, assistant U. S. manager and vice-president of Royal-Liverpool group, on what principles are useful in the establishment of investment fluctuation reserves. The second, at which Harmon Barber, actuary of Travelers, will be moderator, will deal with whether provisions under casualty policies consisting of a constant per policy plus a constant per dollar of pure premium would be more desirable than present expense provisions. Both Mr. Perryman and Mr. Barber are past presidents of the society.

There will be two informal discussions, on windstorm territorial rate differentials and on extension of retrospective rating to combinations of lines other than compensation and liability. Seymour E. Smith, associate actuary of Travelers, will deliver his presidential address to the meeting Thursday morning.

Texas Legislature Ends Action on Several Bills

AUSTIN—The Texas legislature has completed favorable action on a measure to set up a system for licensing non-resident fire and casualty agents so that Texas agents can split commissions on Texas business written for out-of-state owners. Another measure signed by Gov. Shivers removed professional liability insurance from the single-rate law. In legislative hearings on the bill some physicians testified that they could get much lower rates if the companies instead of the Texas board of insurance commissioners were permitted to establish the rates on this type of business.

A pending measure would revise liquidation procedures, with the house bill being amended in the senate to limit total expense of company liquidation to 20% of assets at the time of liquidation.

Also, sales of insurance stocks were placed under supervision of the Texas board in senate acceptance of a house-passed proposal dealing with one of the key insurance "reform" bills. As the legislature moved close to final adjournment, passage of the measure was considered routine, thereby substantially strengthening the authority of the board over insurance operations.

Under the bill the board has the authority to apply the same rules over insurance stock sales as those held by the secretary of state over other industrial securities. Previously insurance stock sales were not regulated.

Expected passage of the bill will make it the third major "reform" measure to be enacted, the others being those providing higher capitalization requirements for fire-casualty and for life companies. Two remaining "reform" bills, whose future is uncertain, would set up penal provisions against false statements regarding company statements and operations.

Maloney Heads Wis. CPCU

John G. Maloney, Wauwatosa, was elected president of Wisconsin CPCU chapter at a meeting in Madison. Other officers are Richard M. Evans of Milwaukee, vice-president; and Henry H. Bush, Jr., Madison, secretary.

Information Service Meets on West Coast

Western Insurance Information Service is conducting a series of meetings of its speakers to review the results of 2½ years of operation and to make plans for further expanding its activities. The group met in San Francisco to discuss future topics.

Hugo Methmann, assistant vice-president of Fireman's Fund group, pointed out that the public information program on accident prevention should be stepped up. Discussing ways in which to expand activities, Stanton Haight,

vice-president of Pacific Employers, said that every insurance employee must be imbued with an enthusiastic understanding of the casualty business and then the public must be informed of the business.

Harry V. Starks, vice-president of Guarantee and general chairman of WIIS and Albert H. Wood, manager and director of public relations of the organization expressed appreciation of the job the speakers have done.

The speakers have given more than 800 talks before civic and service clubs on the Pacific Coast. But, Mr. Wood said, the organization must earn the

complete confidence and cooperation of the public in a better acceptance of the function of casualty insurance.

La Rue Joins Houston F&C in Indiana

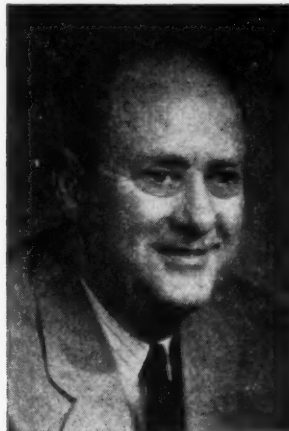
Arthur F. LaRue has been appointed Indiana state agent of Houston Fire & Casualty and General. His headquarters will be at 3014 College avenue, Indianapolis. He has been state agent at Indianapolis of Louisville Fire & Marine. He will be in charge of multiple line operations.



Zeon Gassman and his son Henry, of the Zeon Gassman Agency of Olney, Illinois. The firm has represented Fire Association for twenty-four years. That's Don Spone on the right.



James M. Henderson, Insurance Manager of the H. E. Lueders Agency in Granite City, Illinois. His agency has represented Reliance for nearly thirty years ... another of Don Spone's clients.



Luther E. Green Agency's Mr. Green, of Paris, Illinois, a Fire Association agent from way back, and one of Don's clients.

...man with a
two-way stretch

Don Spone represents Fire Association in southern Illinois. And he really gets around as you can see from the location of these clients of his. Granite City is just outside of St. Louis. Paris is near the Illinois eastern border.

That kind of activity is the way to know the community in which you operate, and Don does know it.

But one thing about Don's work seems to be particularly well liked. As one of his clients put it: "Don's got a two-way stretch. He represents his Companies to me, and at the same time he represents me to his Companies. And on top of that, when it comes to a decision, so far as I am concerned, he is the Company. What he decides, goes."

Don is a typical Fire Association fieldman. He knows his community; knows his business; has authority to act. There's a man like him ready to serve you. Good man to know and do business with.

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Ferguson Lists Necessary Steps in Creating Management of the Future

Development of management personnel was treated exhaustively in the address of Guy Ferguson before the annual meeting of Health & Accident Underwriters Conference at Toronto. Mr. Ferguson said the greatest stumbling block in creating management for the future is the unwillingness to delegate responsibilities in an orderly and planned program of training. Planning for the future must include programs for recruitment, evaluation, integration and incentive of future executives, he declared.

Insurance companies, and especially the smaller ones, need to insure themselves an adequate supply of personnel. Recruiting, Mr. Ferguson said, requires the use of an employee policy manual that spells out the privileges and benefits of employment and describes the expectations of management as regards the employee. Large companies are less personal than smaller ones, but are more definite in their policies. The large companies can contact high schools and colleges in their recruiting programs and rely to a larger extent on professional agencies to attract and screen employee candidates. The smaller company, not equipped to do such a complete recruiting job, has the alternatives of working through professional and business associations to create good public relations in the schools, or depending upon professional personnel agencies for recruits. The latter has the advantage that the applicant will be screened and his potential determined to some extent.

More and more companies are relying on aptitude testing for new personnel in order to place them properly according to ability. Mr. Ferguson said these tests aid in determining what present personnel should be slated for promotions, adding he believes that a sound principle of organization development is to promote from within the ranks rather than to bring in people from outside and place them over the heads of the present personnel. The principle of internal promotion will not work, however, if jobs are filled without thought beyond the immediate situation. At the same time, Mr. Ferguson warned it is just as bad to hire employees who have talents far greater than the job without a plan of gradual up-grading.

This raises the question of what constitutes an aptitude for management, and Mr. Ferguson suggested that included in management potential would be:

- Practical judgment in choosing alternative solutions to business problems.
- Objective viewpoint to tolerate facts rather than prejudices and preconceived opinions.
- Mental alertness.
- Occupational interest in the field of activity.
- A personality pattern that is consistent with the pressures of the business and the responsibilities of management.

These attributes can be developed, Mr. Ferguson asserted, if the foundation exists on which to build.

Ambitious employees are fearful that management will not recognize their values, and Mr. Ferguson said some persons will go to great lengths to bring themselves to the attention of management, and often they are misinterpreted and described as too eager

or "pushing."

Management needs a planned program of evaluating the ability of an employee to meet the requirements of his position "in terms of the qualities which management has determined to be of importance." The application of the results of merit rating, the speaker observed, does not necessarily lead to the advancement of an employee, but it is a prerequisite in that it provides definite facts concerning performance on the basis of a service pattern. Mr. Ferguson warned that too often an employee is ear-marked for management responsibilities based on his technical ability and work habits when he has no aptitude for directing and organizing the work of others. Mistakes in selecting management candidates are costly and are not corrected by dismissal or demotion because the effect on morale may be far reaching. "The damage done while experimenting with management personnel may just fall short of ruining a small company," he said.

With the beginning employee, emphasis is placed almost entirely on work habits and productivity which are easily measured and evaluated. As the employee moves up into the higher echelons of the organization, Mr. Ferguson said a new concept is added of responsibility for the work of others. It is at this point that the intangible aspects enter into the training program, and because some of the evaluation is intangible top management often is less alert to the values involved. It is in this area that management needs to explore the employee's temperament, mental capacity and occupational interests before the transition into the supervisory area takes place.

At the management level, training is accomplished by permitting the employee to participate in management activities and take responsibilities for executive decisions under guidance. It is impossible to learn how to be a manager from a book, Mr. Ferguson remarked.

Delegation of responsibility is one of the best means of training future management, Mr. Ferguson said. It has the advantage of being gradual and it can be controlled. It is a painstaking and time-consuming aspect of training, and often it is quicker for the executive to do the work himself than it is to explain it in detail. At the same time many in top management are reluctant to pass along affairs for which they have been responsible.

"We complain about being over-worked," Mr. Ferguson remarked, "yet we revel in our importance and find excuse after excuse for locking up the business details in our desks and brief cases while ambitious young men and women chafe at the bit trying to get a foothold into the decision-making aspects of operations. If these younger people finally give up and seek opportunity elsewhere, we call them 'impatient young fools who can't wait their turn.'"

Without the advantage of delegated authority, the younger persons in management are not aware of the meaning of profit and are not exposed to the realities of business economics. If they do not get this exposure in an atmosphere of control where their mistakes can be limited, they might assume the control with false understandings of the enterprise system.

Urges Agents to Take Pride in Fact They Are Agents

The agent system is the largest and most successful selling organization in the country, Ben Hemley, Jamaica agent, told New York State Assn. of Insurance Agents at Syracuse. This successful system of marketing and distributing protection is 150 years old and has withstood the acid test of the San Francisco and Chicago fires, and more recently the devastation of hurricanes along the Atlantic seaboard, to mention a few catastrophes, he said.

How does the agent fit into the picture? If he is competent and well-informed, he sells protection, not policies. He is a representative of many companies and not an employee of one. He is an independent business man of long standing in his community. He was there yesterday and will be there tomorrow. He services all the needs of his insured, and does not skim the cream off the top and send insured elsewhere to buy from someone else coverage that underwriters regard as less attractive to them. If the over-all experience in his community goes sour, he does not fold and disappear.

As an independent business man, he was not hired by any one company, nor can he be fired. His allegiance is first to insured, for he pays the commission; second to his companies, for they provide the protection he is selling, and last, is to himself and family.

The employee of the direct writer sells only what his company provides. His allegiance is first to his employer, to keep his job, second to himself, and last to insured.

To his insured the agent is a representative of the company, the safety engineer, the claim department, and the adjuster. He is also his insurance expert and adviser.

Recently, he said, an article, written by an agent, proposed that unless the method of distribution of protection were changed, agents would face the same fate as the corner grocer. Another says commissions should be reduced so that agents might compete with the direct writer.

Imagine an insurance supermarket—on one counter, auto policies; on another, fire; on still another, liability; and next aisle over, compensation, plate glass, and A&H. This might be a fine way to buy groceries, but imagine what happens to insured when the loss occurs. Perhaps he bought a bargain, but it just didn't cover the exposures.

Should agents give up their experience and knowledge in servicing insured's needs and cut prices just because some opportunist who sells policies instead of protection has cut the rates to attract customers? The only reason to buy from them is price differential. They don't say their coverage or service is better. It is just cheaper.

What about the argument that an agent does nothing but type the policy, send it out, and collect the premiums on renewals he asked. It is only because of his expert knowledge of the needs of his insured, and his reputation in the community that this can be done. Remove the agent, and each risk will have to be sold again. His investment in his office, his reputation in the community and his participation in local charitable and civic affairs are his silent salesmen working overtime, and also assets of the companies he represents, all of which are carried on at no expense to them.

What about the cry that insured have

not seen their agents in a long time, he asked. Perhaps the agent cannot call on all frequently, or perhaps there has been no need to do so. He asked the agents "when last did your lawyer call to ask if you needed advice? When did your doctor or dentist drop in to see how you are feeling? When you need their services, you go to see or call them. Any insured who needs the advice of his agent can get it by a telephone call."

This by no means should be interpreted to mean that calls are not necessary, he pointed out; they are the

backbone of the business.

The agency company's prices might be higher, he said, but the agents are selling the best and the best always costs more.

The agent should hold his head up and be proud he is an agent, he declared. He must never give up the personal approach, the quality and services of his methods for something almost as good, but a little cheaper.

An estimated loss of \$250,000 caused by fire of undetermined origin at the Westlake amusement park in St. Louis

(Mo.) county at the junction of Natural Bridge and St. Charles Rock roads was completely uninsured by fire coverage, the owners have reported. Workmen were preparing the park for a May 8 opening when the fire was discovered in a concession area. High wind quickly spread it through most of the 25 acre park.

National Board Display at N. Y.

National Board maintained a display exhibit at the insurance conference of American Management Assn. at New York. It drew attention to the NBFU's recent publication *The Big Industrial Fire—Your Problem*.



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Grand Rapids Agents Score City Contract

Grand Rapids Assn. of Insurance Agents has "demanded" that the city commission void a recently awarded contract for coverage of its boiler equipment. In a complaint to the commission, the association contends that the agency, Davies, Decker & Jean, a non-member of the association, was awarded the business although it was high bidder. The complaint states that the board of education, which ordinarily joins with the city in placing the coverage in order to obtain lower

net premiums, failed to approve any of the bids.

The city commission, the association contends, for that reason had no right to award the contract. It contends the city paid an additional \$174 premium because it failed to cooperate with the school board in the matter. Total premium involved is \$8,968.

The association is asking that the commission ask for new bids on the coverage for the city's equipment only

Belk agency of El Paso Tex., has moved to its new building at 800 East Yandell street.

Swearingen Elected to Surety Assn. Post

J. A. Swearingen, secretary of Aetna Casualty was elected vice-chairman and E. Kemp Cathcart, vice-president of Maryland Casualty, was re-elected chairman of the executive committee of Surety Association at its annual meeting. The headquarters staff, including General Manager Warren N. Gaffney, was re-elected.

Companies named to the executive committee were Aetna Casualty, American Surety, Fidelity & Casualty, Fidelity & Deposit, Hartford Accident, Maryland Casualty, National Surety, Travelers Indemnity, Aetna Fire, American Automobile, Continental Casualty, Employers Liability, Home Indemnity, Royal Indemnity and Sun Indemnity.

In his report Mr. Gaffney said that in the fidelity bond field, embezzlements have sharply increased despite the continuing and expanding efforts to establish tighter and more effective internal controls by financial institutions and mercantile establishments. Bank robberies appear to have again become epidemic.

"We hope," he said, "that the series of conferences the FBI is holding with bank and law enforcement officials and surety representatives will produce an effective antidote."

Mich. State Fire Fund Faces Loss, Legal Cut

LANSING, MICH., The state fire fund, whose balance will be reduced to \$250,000 if a bill pending in the legislature is enacted, stands to absorb a heavy loss which will tend to bring the current balance quickly toward that figure.

Early this month the Ann Arbor retail store of the liquor control commission was swept by fire which caused an estimated \$150,000 loss. The store was insured with the fund, the commission revealed. Under an existing law, the commission is empowered to place this business with private carriers but the latter have shown considerable reluctance to accept the line in many cases. Origin of the Ann Arbor fire is under investigation.

Appleton to Take Bids for School Cover

Appleton, Wis., board of education will place its \$7 million fire and extended business by competitive bidding, beginning with \$2.5 million renewal business expiring in August, according to a resolution recently adopted. Another resolution establishes a major reappraisal of 14 school buildings constructed before 1950.

Bohlinger New Member of Law Firm in N. Y.

Alfred J. Bohlinger, former superintendent of insurance of New York state, has become a member of the New York City law firm of Aranow, Brodsky, Bohlinger, Einhorn & Dann. Superintendent from 1950 until early this year, he had practiced law in New York City from 1926 to 1944 when he was named deputy superintendent of insurance.

N. C. Enacts Hike in WC

The North Carolina senate has enacted into law a bill upping workmen's compensation weekly payments from a minimum of \$8 to \$10 and the maximum from \$30 to \$32.50. The bill, expected to result in an increase of about 5% in compensation rates, also raises the maximum total payment from \$8,000 to \$10,000 and classifies bursitis as an occupational disease.

Name Temple to Head Unit of Freedom of California

Freedom of California has appointed D. M. Temple as head of its department of education and research. He assumed the new post recently in Uni-Insurance Service Corp., a sales and service organization affiliated with Freedom. A CPCU, Mr. Temple has two degrees from Queens University, of Ontario.

Prior to joining Uni-Insurance, Mr. Temple was fire insurance promotion supervisor in the 10 western states for Allstate. Before that, he was a multiple line field man in the Bay Area for Commercial Union, supervising contract bond underwriter in the Pacific department of the St. Paul companies; and a Bay Area agent and broker.

He is the author of "Insurance Agents Office Handbook," the "Time Saver" Insurance Agency Accounting System," and numerous agency management articles.

National Board Film Wins Film Award

"Before They Happen," a documentary describing the work of a municipal fire prevention bureau, has just been awarded the bronze plaque symbolic of top honors in the annual contest of the national committee on films for safety, a division of National Safety Council. The film was produced by National Board.

It was made on location in Hartford, and shows the work of a typical fire marshal of an American city as he tries to prevent fire disasters before they happen.

It is a 16 mm color film available for showing to schools, civic clubs, church groups, agents associations, fire departments and other organizations. A black and white version is available for TV.

All Canada Insurance Federation is now at work preparing French and Canadian versions of the film for showing to Canadian audiences.

Prints can be borrowed by writing to bureau of communication research, 13 East 37th street, New York 17, or west of the Rockies, to National Board, 465 California street, San Francisco 4.

To Fill The Gap Left by Depreciation

Depreciation accounts for the difference between the actual value of a building and replacement cost at time of loss. You can insure this difference with our Depreciation Insurance. Considerable additional replacement expense may be incurred in those municipalities where laws direct that partially damaged older structures must be completely demolished and replaced with construction matching modern code specifications. The answer to this expense is an Application of Building Laws Endorsement to the Depreciation Insurance policy.



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Barthelmes Manager of N. A. in N. Y.

North America has named A. Wesley Barthelmes manager at New York. In addition to his present duties in charge of personal lines production, Mr. Barthelmes now assumes responsibility for the fire account, a position formerly held by Malcolm M. Dickinson, who has been advanced to resident vice-president for Europe.

Mr. Barthelmes joined North America companies in 1947 after wide experience in the field of inland marine insurance and the handling of special lines of insurance in New York City. He had been with North British.

He has held a number of important executive positions with North America, including duties as assistant secretary in the business development department at the head office.

Fireman's Fund Change Auto-Casualty Staff on Pacific Coast

Staff changes in Fireman's Fund's Pacific Coast auto-casualty underwriting department include the appointment of Bradley Palmer as agency superintendent at San Francisco to replace Harold M. Steele, recently transferred to assistant manager of the auto-casualty unit in the southern California department. Mr. Palmer has been with the group since 1947 as an underwriter, special agent and supervising underwriter.

Ernest H. McCaughan was named superintendent of the Pacific department auto casualty unit at San Francisco. He is succeeded as assistant superintendent by Murray Alexander, who is transferring from Albuquerque where he has been state agent since 1952. Richard C. Carniglia has been appointed superintendent of the Pacific department workmen's compensation and special risk unit. He has been in the statistical and auto casualty departments and formerly was a supervising underwriter in the latter department.

William H. Basham is transferring from Sacramento to Albuquerque as special agent and will be succeeded by Robert O'Rourke, who has been special agent at Albuquerque of National Surety.

Award for Heart Attack at Race Track Reversed

New York appellate court has held that Morris L. Lesnik of Elizabeth, N. J., vice-president of National Carloading Corp. of New York City, was not entitled to workmen's compensation for a heart attack suffered during off-duty hours at Santa Anita race track.

The decision reversed a WC board award of \$32 a week to Mr. Lesnik while he was recuperating. He said he was entertaining a company client and that the attack stemmed from strains and pressures of work.

Buyers to Hear Brightman

William T. Brightman Jr., president of Blackstone Mutual, will discuss the past and take a look at the future of the insurance business before New York Chapter of National Assn. of Insurance Buyers, May 26 at Hotel Martingue, New York City.

Successful Spring Seminar Is Held by Agents in S. C.

The spring seminar of South Carolina Assn. of Insurance Agents was one of the largest ever with more than 200 persons turning out for the affair, which included talks on boiler and machinery, public-relations, the direct writer and dwelling forms.

The program opened with a split session, with about half of those attending listening to A. A. Orrender of Hartford Fire discuss farm forms changes and the other half at a session at which W. H. Mill of Factory Insurance Assn. discussed its operation.

L. R. McMahon of Maryland Casualty, discussing boiler and machinery business, said that some \$62 million of such business was written in the United States in 1953 and about \$1.2 million in South Carolina. Of this amount, he said, only about 25% was written by agency companies, the rest being written by direct writing mutuals.

James P. Walker, president of Georgia Assn. of Insurance Agents, explained the Augusta board's public relations program, including surveys it conducted which showed that the public pays little attention to present agency advertising.

Meeting direct writer competition was the topic of Arthur M. O'Connell, executive committee member of National Assn. of Insurance Agents, who said that agents have no defense against the direct writer if they conduct all of their business by mail. They should work, advertise and call on people.

A panel on various dwelling forms was moderated by W. L. Thompson Jr., a Hartsville, S. C., local agent. Panel members were Thomas Walton of North America group, J. F. Wyatt of Hartford Fire, Walter Wattles of Providence-Washington and C. F. Luce Jr. of Aetna Fire group.

Arrangements for the seminar were handled by the education committee of which J. Edwin Schachte Jr. of Charleston is chairman.

Zink Joins Peerless Newcombe Elevated

Ernest E. Newcombe was elected secretary and comptroller and a director and Montague H. Zink was elected treasurer of Peerless Casualty at the annual stockholders' meeting.

Mr. Newcombe started his insurance career in 1921 in the actuarial department of Liberty Mutual, and later was a statistician of Associated Mutuals of Boston. He joined Peerless in 1930 and subsequently became assistant treasurer and assistant secretary. He is a member of the executive committee of the company, a director of National Grange Mutual Liability and president and director of Rural Underwriters.

Mr. Zink is joining Peerless from Lehman Bros., investment bankers, where he was in securities research and investment management. He is a director of United Life & Accident. He will be in charge of investments of the company.

Catherine Gardner of Greensboro was elected president of North Carolina Assn. of Insurance Women at its annual convention at Southern Pines, succeeding Mrs. Edna York of Statesville. Other officers are Mrs. Gloria McClintock of Charlotte and Doris Hamrick of Shelby, vice-presidents; Mrs. Hannah Jacobs of Greensboro, secretary; Lola Jean Yoder of Winston-Salem, assistant secretary; Mrs. Marie Leonard of Raleigh, treasurer; and Florence Iseley of Raleigh, historian.

Eugene A. Toale, manager of the New York office of Security-Connecticut and former education director of National Assn. of Insurance Agents, spoke.

Cleveland Presented Diemand Trophy

The Cleveland service office of Indemnity of North America was presented with the company's Diemand trophy at a dinner there by H. P. Stellwagen executive vice-president of the company. William A. Watson, manager at Cleveland, accepted.

Head office executives who attended were James M. Crawford, and R. S. Robins, vice-presidents; Robert S. Gillespie, special risks secretary; W. Edgar Kipp, accident secretary and Ken Desch, agency superintendent. Richard G. Osgood, vice-president and Richard

B. Light, agency superintendent of North America, also attended.

Cleveland won the award previously in 1936 and again in 1942.

FHA Discloses Changes

Federal Housing Administration Commissioner Mason has disclosed the institution of a line and staff organization in FHA's 75 insuring offices to provide more effective operations. He said a revised office classification formula will give greater weight to the complexities of operation inherent in the performance of quality work as distinguished from production volume.



From the diary of an Agency Secretary

Today, about midafternoon, Mr. L burst into the office, whistling. "Ellen," he said, "I closed it!" "You mean the Halperin property? Oh, wonderful! Shall I give it to . . ." "To PLM?" he broke in. "Right! They rate this one, no foolin'. They were so darned decent about that Jones situation . . ." I said, "Oh, I know, Mr. L; PLM is one of our most understanding companies . . ." "And most cooperative," he added. "Strong company, too, and prompt-paying . . . Type up the policy right away, will you, Ellen, and er, in your Daily Report you might enclose a little note and say . . ." "Oh, I know what to say . . ." "Good girl!" he said. So ends another day. Ho-hum! 'Night, Diary. And that goes for you, too, Mr. L!

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Convention Dates

- May 20-21, Texas Assn. of Insurance Agents, annual, Galvez hotel, Galveston.
- May 22-24, Tennessee-Arkansas Assn. of Mutual Insurance Agents, annual, Hotel Peabody, Memphis.
- May 23-25, Board of Fire Underwriters of the Pacific, annual, Biltmore hotel, Santa Barbara, Cal.
- May 23-25, Insurance Accounting & Statistical Assn., Palmer House, Chicago.
- May 24-25, National Assn. of Insurance Brokers, annual, Mark Hopkins hotel, San Francisco.
- May 26, National Board of Fire Underwriters, annual, Commodore hotel, New York City.
- May 26, Midwestern Independent Statistical Service, annual, Bismarck hotel, Chicago.
- May 30-June 3, National Assn. of Insurance Commissioners, annual, Biltmore hotel, Los Angeles.
- June 8-9, Missouri Fire Underwriters Assn., annual, Taneycomo hotel, Rockaway Beach, Mo.
- June 9-11, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
- June 12-14, Maryland Assn. of Insurance Agents, midyear, George Washington hotel, Ocean City.
- June 12-16, Insurance Division of the Special Libraries Assn., annual, Statler hotel, Detroit.
- June 13-15, Michigan Fire Underwriters Assn. and Michigan Blue Goose, annual, Gratiot Inn, Port Huron.
- June 13-15, International Assn. of A. & H. Underwriters, annual, Gunter hotel, San Antonio.
- June 13-15, Southeastern Underwriters Assn., annual, The Homestead hotel, Hot Springs, Va.
- June 13-15, Virginia Assn. of Insurance Agents, annual, Roanoke hotel, Roanoke.
- June 14-16, Illinois Fire Underwriters Assn., annual, Nippersink Manor, Genoa City, Wis.
- June 14-16, Kentucky Fire Underwriters Assn., annual, Kentucky Dam Village, Gilbertson.
- June 14-17, National Assn. of Insurance Women, annual, Palace hotel, San Francisco.
- June 15, Tennessee Fire Underwriters Assn., annual, Lookout Mountain hotel, Chattanooga.
- June 15-17, Indiana Fire Underwriters Assn., annual, Culver Inn., Culver.
- June 19-21, New England Assn. of Insurance Agents, annual, Poland Spring, Me.
- June 19-23, American Assn. of Managing General Agents, annual, Mark Hopkins hotel, San Francisco.
- June 23-25, North Carolina Assn. of Mutual Insurance Agents, annual, Blowing Rock.
- June 23-24, Missouri Assn. of Mutual Insurance Agents, annual, Hotel President, Kansas City.
- June 24-25, Upper Peninsula Assn. of Insurance Agents, Gateway hotel, Land O'-Lakes, Wis.
- June 26-28, Insurance Advertising Conference, Claridge hotel, Atlantic City, N. J.
- June 26-29, National Assn. of Public Insurance Adjusters, Concord hotel, Kalmesha Lake, N. Y.
- July 7-9, International Assn. of Insurance Counsel, annual, Hotel del Coronado, Coronado, Cal.
- Aug. 7-11, Honorable Order of Blue Goose, Grand Nest, Muehlbach hotel, Kansas City.
- Aug. 14-17, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.
- Aug. 17-20, Federation of Insurance Counsel, annual, Sheraton Park hotel, Washington, D. C.
- Aug. 21, American Bar Assn. insurance law section, annual, Philadelphia.
- Aug. 22-23, South Dakota Assn. of Insurance Agents, annual, Rapid City.
- Sept. 5-7, International Federation of Commercial Travelers Insurance Organizations, annual, Sun Valley Lodge, Sun Valley, Ida.
- Sept. 11-13, Pennsylvania Assn. of Insurance Agents, annual, William Penn hotel, Pittsburgh.
- Sept. 11-14, Idaho Assn. of Insurance Agents, annual, Sun Valley Lodge, Sun Valley.
- Sept. 12-13, Utah Assn. of Insurance Agents, annual.
- Sept. 12, Vermont Assn. of Insurance Agents, annual, Lake Morey Inn, Fairlee.
- Sept. 12-14, International Claim Assn., annual, Lake Placid Club, Lake Placid, New York.
- Sept. 14-16, Illinois Assn. of Mutual Insurance Companies, annual, Pere Marquette hotel, Peoria.
- Sept. 14-16, Maine Assn. of Insurance Agents, annual, The Samoset, Rockland.
- Sept. 14-16, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.

- Sept. 15-16, New Jersey Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City.
- Sept. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- Sept. 15-17, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings.
- Sept. 18-20, Washington Assn. of Insurance Agents, annual, Leopold and Bellingham hotels, Bellingham.
- Sept. 19-20, Minnesota Assn. of Mutual Insurance Agents, annual, Leamington hotel, Minneapolis.
- Sept. 20-21, South Carolina Assn. of Insurance Agents, annual, Columbia hotel, Columbia.
- Sept. 19-21, New Hampshire Assn. of Insurance Agents, annual, Wentworth-by-the-Sea hotel, Portsmouth.
- Sept. 20-23, Mutual Loss Managers Conference, Chicago.
- Sept. 22-23, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.

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Is your Insurance as good as your car?



You buy your car by brand. Its name is your guarantee of value and performance.

The same is true of automobile insurance.

For your own sake, buy from your reputable HOMETOWN agent. He gives you service—not just sales-talk.

It pays to take an interest in your insurance company, too. You need a friendly, reliable company whose reputation measures up to your car's. Then you know you're protected when a loss occurs.

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ORGANIZED 1953



Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

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The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

This ad speaks for You!

The Home Insurance Company's new advertisement sells more automobile insurance, sure . . .

but more important, it sells you.

It tells your clients about your services, the quality protection which you can offer.

This advertising is designed to attract good automobile business to your agency.

Your Home fieldman is ready to help you any way he can—just ask him!

THE HOME

ORGANIZED 1953



Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

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This advertisement will appear in:

American Home—June

Better Homes and Gardens—June

Nation's Business—May

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Time—May 9

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Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

LOWRY STRESSES NEED NOT PRICE, AT AMA MEETING

Buyers Should Think of Insurance as One of the Necessary Raw Materials of Business

While any buyer of insurance will do his best to buy it as cheaply as he can within reason, Edward G. Lowry Jr., chairman of General Re, suggested to the insurance conference of American Management Assn., in New York City, that it is possible to be too price conscious.

Insurance is one of the raw materials of business, just as much as steel, or parts, or tools or packaging materials, and the ability to purchase it when and as needed is just as important as the ability to purchase other things which an industry buys and which go into its product, he said. He fears there are cases where a particular business will take a long view in its purchase of other materials and will bear in mind the necessity of maintaining strong and prosperous suppliers, but at the same time will unmercifully shop for its insurance to get the bottom dollar. When the loss comes, it wonders why it can't readily obtain the cover which it needs. He thinks price levels on many large covers have been too low in the past 10 or 15 years.

Mr. Lowry said that with the high limit casualty policies today, big industry buys large promises to pay—\$1 million, \$2 million, \$5 million, even \$10 million. The core of the problem involved in these large covers is that the big loss not only can happen but, in fact, does happen. The large promise to pay is real and not theoretical.

For example, a mistake in using a particular kind of grease in a particular industrial operation cost the insurance companies approximately \$10 million. An oil storage tank that sprung a leak cost the insurance companies \$1.5 million—and probably cost insured something above that. An exploding gas main cost about \$1 million. A crack in one component of a paper machine cost almost \$4 million. Losses of this size are paid by the insurance business and one absolute certainty is that business will pay more of them in the future.

The insurance buyer who has never enjoyed a loss of this kind, being human, points to his own excellent loss record and expects it to be reflected—frequently over-reflected—in the premium which he pays. The insurance buyer who has had the big loss—also being human—points out that that is what insurance is for and that you cannot expect him to pay a premium commensurate with the loss he has had—and that, of course, is quite true.

Basically, the insurance business must collect a premium which reflects not merely the experience of the relatively loss-free customer but which also reflects not only the possibility that he may be the next unfortunate one but

also the absolute certainty that someone will have a large loss and that the insurance business will pay it. In other words, insurance buyers as a whole must each pay a premium sufficient to create a total premium volume large enough to pay the big loss when it comes. That is the basic principle of the insurance mechanism, and the insurer which loses sight of that principle and looks too closely at an individual insured's experience is headed for inevitable trouble—because every so often it will pick up the big one and won't have collected enough premiums to pay for it.

The statement frequently is made that the insurance which buyers want is not available—in other words, that there is a lack of capacity in the insurance market. That statement is, however, rarely, if ever, true. Investigation will generally disclose that what the buyer really means is that he cannot buy the insurance he wants at the price he wants to pay. Price and capacity should not be confused, Mr. Lowry said.

The insurance business, like any other, is in business for a profit, and the only source from which losses can be paid is premiums collected from insured, he said. Astonishingly enough, this elementary fact is frequently overlooked by the business community. A leading financial commentator wrote shortly after the Texas City disaster that fortunately there would be no loss because there was adequate insurance.

Basically, all insurance buyers in the aggregate pay all insurance losses in the aggregate. There are no magic dollars to step in and take that burden off their shoulders. Yet, he said, this fundamental and inescapable truth is apt to be overlooked.

The company sustaining the loss thinks it escaped because it was protected by insurance. The company to which it didn't happen thinks it escaped because the accident was the other fellow's. They are both wrong, because all buyers of insurance of the kind involved in the loss are going to pay for it in the size of their future insurance premiums.

Losses, therefore, are not paid by insurer. They are spread by insurers over industry itself, and in that process, their character changes. Instead of being catastrophes to a few, they become a normal operating cost to all. That is

the ultimate function of the insurance business and that is its ultimate service to industry and the public, he declared.

Individual technical considerations come into play with certain individual types of coverage. In general, these considerations deal not so much with the dollar amount of coverage as with its scope. The buyer, quite naturally, wants the broadest possible cover. The seller, while quite genuinely wanting to meet that demand, has an equally natural desire to word his contract so that he knows with reasonable exactitude the hazard he is taking on. The accurate rating of large covers is difficult enough even with that knowledge and is frequently quite impossible without it.

For example, the buyer frequently wants to buy a property damage liability cover which protects him against "occurrences". The seller generally wants to sell him a PDL cover which protects him against "accidents". The difference can be profound.

While it is not always easy to define an accident (either before or after the event) it does at least involve a happening outside the normal. It is something unintended and unexpected and usually, therefore, reasonably easy to identify. An "occurrence" on the other hand covers the waterfront and can involve the insurer in heavy payments for something that is the normal and natural consequence of a deliberate act on the part of insured. To illustrate:

Insured sets up an operation involving the necessary release of noxious fumes near a residential or farming area and substantial property damage ensues. Under a liability policy protecting insured against "accidents" insured would bear the consequences of his

own deliberate act. Under a policy protecting against "occurrences" those consequences would be transferred to the insurer.

Insured assumes by contract the obligations of others for which he would not normally be liable—or insured makes and places on the market a product which he has not bothered to test properly in advance—or insured sells a product, good in itself, but with a warranty that it will do things which, in fact, it will not do. Or insured's product, good in itself, is sold for a use for which it was not designed. In none of these cases was the act which caused the resulting property damage in any way accidental. It was deliberate. In writing a policy to protect insured against "accidents", the insurer did not intend to cover losses arising from that kind of event. In writing a policy to protect against "occurrences", coverage would attach.

Generally speaking, he went on, the trend, fostered by courts and insurance buyers, is toward a broader and broader interpretation of what is covered under a PDL contract. Mr. Lowry is not sure the trend is altogether good either for insured or insurer. For insured to be able to pass on to another the predictable consequences of his own deliberate act or failure to act can, in some instances, foster and encourage an undesirable lack of responsibility to the community and to the public. Moreover it places a burden on the insurance business for which it is not presently being compensated. If the trend continues, the ultimate result will, of necessity, be higher premium charges on all PDL covers—perhaps very much higher than buyers quite visualize.

In workmen's compensation, quite a (CONTINUED ON PAGE 47)



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THE *First-line* BROKERS PLAN

Says Fire, Casualty Premium Payment Methods Outmoded

Payment methods for fire and casualty premiums are behind the times, Iowa Assn. of Insurance Agents was told at its annual meeting at Des Moines by David Gray, assistant to the vice-president of Afco, who also deplored the practice of some agents of carrying their insured for long periods of times.

The latter practice is unfair to insured who pays his entire premium promptly; it causes insured to be financially lazy as far as paying his insurance premium goes; it is often necessary for the agent to borrow to carry these insured and the agent pays the carrying charges while the insured gets free financing; it causes additional collection expense and additional time devoted to collection; once an agent gets into this free financing business his accounts receivable get bigger year after year, and free financing, generally, does not attract the most desirable type of client.

Mr. Gray said if it is made easier for insured to pay, insurers meet with less sales resistance. Until now, insurance in general has been on a prepaid basis; there are a few exceptions to this, but they are inadequate for insured's overall insurance program.

In some states insured can pay fire or casualty premiums in installments, but there has not been until now, an overall budget program for an insured to combine all of his fire and casualty premiums in one financing contract and pay in small amounts on a monthly, quarterly, semi-annual or annual basis.

Mr. Gray declared that the deferred payment plans now available through fire and casualty companies are malignancies in the business; they are growing and are having injurious effects upon agents and companies similar to cancer in the human body. The symptoms are difficult to detect in the curable stages and may get beyond control if left unheeded.

These plans are causing the agents to do at least five times the work formerly done without a corresponding increase in income and the increased work load has caused many agents to spend too much time in their offices rather than out on the production line where new business is found.

Mr. Gray also charged that the deferred payment plans that require agents to make collections do not improve relations with their insured. If agents bill monthly for automobile installments or annually for five-year policies, insured may come to think of them more as collectors than insurance counselors.

This situation, he said, can be corrected through a national premium financing organization. The fire and casualty insurance business needs such an organization that:

(1) Will enable insured to pay fire and casualty premiums in small and convenient payments on monthly, quarterly, semi-annual or annual basis; (2) will operate for the benefit of agents as well as insured and insurers; (3) will finance all of insured's fire and casualty premiums, regardless of whether the policy has a predetermined premium or is an audit or reporting form with a deposit or pro- premium; understands the fire and casualty business and can arrange payment plans to fit varied risks such as seasonal risks, etc., and (5) has standard practices nationwide and does not

offer competitive advantages to agents in one locality over those located elsewhere.

An organization with these features would eliminate the financing problems for the agents as GMAC or CIT do for automobile dealers countrywide.

Afco Incorporated was organized to do all of these things for agents; it is in business to service agents, insured and companies, and accepts business from all states, District of Columbia, Alaska, Hawaii and Puerto Rico.

Mr. Gray said Afco enables agents to reduce their overhead, and gives them an opportunity to acquire new accounts and sell more insurance to their present clients.

Also, flat cancellations are eliminated, the headaches resulting from overdue accounts are eased as insured are put on a contractual basis and payments must be made promptly; commissions are paid agents without undue delay and relations between agent and client are improved.

Dr. C. A. Kulp Appointed Dean of Wharton School

Dr. Clarence A. Kulp, an economist and authority on casualty and social insurance, has been named dean of Wharton school, effective Sept. 1, to succeed Dean C. Canby Balderson, who resigned last September to accept presidential appointment to the board of governors of the federal reserve system.

Dr. Kulp, a teacher in the school since 1919, has been professor of insurance since 1928 and chairman of the insurance department since 1952.

State Fund, N. Y., Is Looking for Salesmen

New York state department of civil service will conduct a civil service examination July 5 for insurance sales representatives for the State Fund. State Fund, which writes workmen's compensation and compulsory disability, has 24 positions of this title at present, 16 in New York City, and two each in Albany, Buffalo, Rochester and Syracuse. The vacancy is at Syracuse.

The salary is \$4,580 to a maximum of \$5,730 after five annual increases. Minimum qualifications are four years of full time experience in the field selling insurance and high school graduation, or two years of experience and a bachelor's degree.

Hull Value About \$50,000

The hull of a twin engine Beechcraft Bonanza that was heavily damaged when it was ditched in Jamaica bay, New York, is valued at between \$50,000 and \$60,000. U.S. Aviation Underwriters had the coverage. The pilot, John Douglas of Warwick, R. I., suffered a cut nose in the mishap. The plane is owned by Bulova Watch Co.

Four Talks Slated for L. A. 1-Day June 7

Los Angeles Insurance Day will be June 7 at the Biltmore hotel. Four talks will be given—"Hidden Liabilities" by William N. Levit of the San Francisco law firm of Long & Levit; "How to Sell More Insurance in Today's Competitive Market" by Joseph F. Morrison, vice-president of Industrial Indemnity; "Experience in Schedule Rating under the California Workmen's Compensation Act" by R. A. McGuire, executive vice-president of Pacific Employers, and "Minding the Gap" by John W. Yates, general agent of Massachusetts Mutual Life.

National Assn. of Insurance Women will hold its annual convention June 14-17 at the Sheraton-Palace hotel in San Francisco. Mrs. Marion Walker of San Francisco is convention chairman.

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Various Developments and Trends in Automobile Insurance Marketing

Mr. Lang heads the consulting firm of Frank Lang & Associates, One North La Salle street, Chicago, which provides insurers and agencies with specialized professional services for all types of distribution, sales, agency organization, cost, personnel, compensation, administrative, and other management problems.

His firm has given particular attention to insurance distribution, including surveys of morale, cost, efficiency, agent services, market potentials, distribution channels, and effectiveness of promotions.

Among the many branches of the insurance business, automobile insurance has been witnessing some of the greatest changes in the so-called "accepted manner of doing business." These changes have been most pronounced on the distribution side. Some of the upstarting companies of yesterday are becoming the dominant market factors of today, while other companies considered as "severe competition" only a few years ago, have lagged behind. What companies can be expected to lead in the future? Some answers can be obtained by an objective evaluation of existing trends.

What are some of these innovations responsible for such fundamental changes? Are there any techniques exclusively fundamental to success? Are these forming a pattern? Is such a pattern going to be a lasting one or will it be transitory in nature? Some companies are satisfied by doing a lot of talking. Others, in contrast, are taking definite action in various directions. The next few years will show which course has been the wiser one. Evidence, however, is continuously mounting which can greatly assist management on both company and agency level in its choice of action.

Methods of Distribution—Automobile insurance is sold by a variety of companies operating in a multitude of different ways. From a marketing point of view they can broadly be grouped as follows:

1. Agency companies distributing the business through the agency system and giving the agent full ownership of his expirations.

2. Modified agency companies distributing either through the agency system or a special sales force which usually retains ownership of expirations.

3. Direct writing companies operating mostly through an exclusive agency force which generally has no ownership of the renewals but the company usually offers the agent some benefits, such as pension, group life, etc.

4. Direct reporting companies selling either through paid employees, or directly to policyholders.

5. Finance company-sponsored insurers (selling mostly physical damage coverages) whose insurance usually comes as a by-product of their financing activities, and is distributed either through the companies' branches, financial institutions, or automobile dealers having agent's licenses.

It is noteworthy that there have been outstanding successes as well as failures among companies belonging to each of the above classifications. Other criteria, therefore, must be sought as being responsible for it.

The Importance of Distribution Cost. The public often forgets that the insurance dollar can be sliced only so thin and that a reduction in premium rate has to be brought about either by decreasing loss portion or a lowering on the expense side or both. Insurance companies are continuously improving their rating techniques; the introduction of electronic equipment can be expected further to improve the existing lag between loss developments and rate levels. On the loss side, therefore, it is through risk selection on an individual company basis and through accident prevention on an over-all basis, that a reduction in rate level can be expected. Any substantial immediate improvement, therefore, over which company management has control will have to be forthcoming on the expense portion of the premium dollar.

Even a cursory analysis of the expense portion of the automobile insurance dollar will show that distribution costs (and I am referring to "actual costs" incurred in connection with the function of marketing automobile insurance) make up the greater part of all expenses incurred by automobile insurance; they total approximately 55% to 75% of all expenses (excluding claim expenses). This relationship holds true regardless whether the definition promulgated by uniform accounting laws are followed or whether some of the functions previously included under "acquisition costs" and "other acquisition costs" are employed.

The distributing function, therefore,

can well be considered the key toward determining future success in the automobile insurance business.

Historical Developments. The men who pioneered automobile insurance were courageous as they had a new product and few prospects. They, therefore, had to adapt marketing techniques to fit this condition. Frequently, local garage men or bankers acted as agents because they knew the men who owned automobiles and, further-

more, had the confidence of those who had made such an extravagant purchase.

As the numbers of automobile owners increased, established local insurance agents began to realize the impact of this new line and began to sell it more actively. However, they still had to hunt for their prospects and convince them of the need for this type of insurance.

(CONTINUED ON PAGE 38)

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Is Your Business Falling Off—

Are you losing a "good risk here" and an "old customer there" to new plan competition?

ASK ABOUT OUR PLAN

It Will Help You

- ★ Meet that competition
- ★ Hold your business
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AMERICAN AGENCY SYSTEM

- ★ Business Written Only Through Independent Agents
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(Available to Agents in Ohio — Indiana — Michigan & Pennsylvania)

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35 Years Of Service Through Agents

Clergy Is Supporting Traffic Safety Effort

An organized effort to enlist support of clergymen and religious groups in the traffic safety movement, first effort of its kind, is gaining "enthusiastic" acceptance across the nation by leaders of all faiths, according to Thomas N. Boate, accident prevention department manager of Assn. of Casualty and Surety Companies.

The program is keyed to the belief that safe driving is a moral responsibility. Its aim is to influence Americans to apply the ethical creeds which are the foundation of man's religious experience to attitudes and actions behind-the-wheel. Clergy in nearly 20 states have endorsed this goal.

As part of the program, the association has prepared a special address which highlights the moral and ethical aspects of the highway accident problem. It is intended for use as a potential sermon, church school lesson or group discussion topic. Some 10,000 copies have been distributed through the National Council of Churches, and numerous safety organizations with church affiliations.

In commenting on the new project, many religious leaders have urged the association to establish a "Safety Sunday." Such a day is planned, Mr. Boate said, but on a local basis so that each community may select the date it considers most suitable.

N.Y. Agents Golf Party

New York City Insurance Agents Assn., will hold its annual golf party June 14 at Rockville Country club, Rockville Centre, L. I., at which time the memorial trophy, contributed by Hooper Holmes Bureau, and the president's cup will be put in competition. The committee in charge consists of John C. Weghorn, chairman, Clarence Fuss, William Hanssler and Alan Eifert.

Drop Renewal Guarantee from Ohio A & H Measure

COLUMBUS—The Ohio house insurance committee has recommended H. B. 881, dealing with A&H. As amended, according to Insurance Federation of Ohio, it contains provisions of H. B. 880, in modified form, except the provision requiring all A&H policies to be guaranteed renewable.

It is said to be the feeling of industry spokesmen that companies and agents can get along with the bill as amended. It was thought advisable to take the bill in modified form rather than run the risk of having to take a bill with much more rigid provisions.

Definitions set forth in the original bill need not be included in a policy if the policy contains the company's own definition of "total disability," "confinement at home," and "accidental death."

Also included is a provision giving the superintendent broader powers with reference to advertising and giving him the right to cancel license for violations. The requirement that solicitors must deliver a copy of the policy to persons solicited was stricken out, as was a provision requiring application to contain a statement that the applicant had examined the policy and all its terms.

Daenzer School Speaker

Bernard J. Daenzer, secretary of Security-Connecticut, will deliver the commencement address at graduation exercises of Pittsburgh insurance schools May 23. He will discuss the future of education in insurance, trends in the business and package policies.

Join Casualty & Surety Assn.

Royal Exchange and Provident Fire, members of the Royal Exchange group, have been elected to membership in Assn. of Casualty & Surety Companies.

**RE-
INSURANCE
FIRE
ALLIED LINES**

**INTER-OCEAN
REINSURANCE
COMPANY**
CEDAR RAPIDS, IOWA

Pro-rata and excess of loss

Hotz Sees Boundless Future for A&H Sales

An optimistic outlook as to the sales potential of A&H insurance was given H&A Underwriters Conference by Howard Hotz, Canadian A&H manager of Prudential, in his talk at the annual meeting of the conference at Toronto.

Mr. Hotz sketched the need for A&H protection, commenting that economic and social problems arise quickly when sickness or accident strikes. A recent study showed that in 85% of the charity cases, a contributing factor was the expenses caused by sickness or accidents.

Delinquency, crime, broken homes, and many other social problems have their roots in the inability of the breadwinners to meet the problems of unexpected expenses that arise when the family's income stops due to a sickness or an accident, he said. Education of children is interrupted or stopped altogether. Families must cancel their life insurance.

As a salesman in the field Mr. Hotz said he saw families borrow all the cash accumulated in their life insurance, sell the policies back to the company and move to smaller and less convenient living quarters, all because sickness or accident had struck. "People did ask about sickness and accident insurance but I didn't have it to sell and as I look back I confess that I didn't recognize the need".

One of the prime responsibilities of sales executives, he said is to assure that agents are properly trained to satisfy the A&H needs of the public.

Equipping the more than 23,000 individual Prudential salesmen with technical knowledge and the A&H sales "know-how" so that they would be able to properly fill the public's needs for this coverage, was a monumental job. To set the huge new A&H sales organization into motion was almost like setting up one big company within a company. Few of the men have ever examined an A&H policy. A training course was prepared, designed to provide each agent with a clear, concise picture of A&H coverage. The sales process was covered full—prospecting, pre-approach, sales presentation, obtaining referred leads, and post-sale activity.

Training is not a "one-shot effort", Mr. Hotz emphasized. In a market which is growing, the business must be constantly on the alert in order to be sure of keeping pace with the needs in that market.

"The training process must be one that involves taking the agent by the hand and showing him how to do the job. We found and expected that the results of the intense initial training wore off rapidly for many men. Those who started prospective and selling at once met with success, those who didn't found it more difficult to get started as the weeks and months went by. "In most cases, Mr. Hotz said, the excuses offered for not writing business were—"There is too much group coverage in my area"—"There is too much competition"—"Our underwriting requirements are too tough". What the agent really meant was "I am not at all sure of myself and I am afraid to broach the subject with a prospect—I would like someone to go with me and show me how to do the job."

Looking to the future, Mr. Hotz

noted that in less than three years, with less than one quarter of the Prudential organization selling until last fall, premium income rose from \$5 million in 1953 to \$15 million in 1954 and the company anticipates over \$35 million of premium income in 1955. "Simply, it might be said, today's potential is great—unlimited."

More and more primary A&H is being sold—more income protection. If a complete A&H income protection plan were arranged on every breadwinner in Canada and the United States, "we would come up with a

grand total so big that it would stagger our imaginations. And—even if we were to deduct from this total all the present income protection coverages, and even further reduce it by the amounts that could be purchased from the non-subsistence portions of the national income of these two countries, the final figure—representing our market potential today would so dwarf our current concepts, that I would not dare to use actual figures to evaluate this market potential. The real figures would appear to be only a salesman's visionary dreams."

"As the companies keep pace there is something ahead, too, for the individual agent who does a job—aside from all the monetary rewards and production records, and intangible but very real reward comes in the form of the greatest feeling of job-satisfaction he has ever known. In our first two years, on the basis of deaths under life policies and disabilities under our A&H contracts, the checks delivered under life death claims were 7 per 1000, while the checks delivered for A&H were 300 per 1000. The A&H agent sees insurance in action."

Mr. AGENT, this is YOU



PRESENTED TO
THE PUBLIC IN
NATIONAL
ADVERTISING

Running in POST, TIME, BUSINESS WEEK. See your NHG Field Man for dates.

Here you see the second full-page ad in the NHG campaign. Regularly reaching 6,669,500 fine American homes, it is actually a new movement in the insurance business.

For it puts the Insurance Agent in his true light before the public. His modern functions make him truly a Protection Agent, say the NHG ads.

At last, Mr. Agent, you have the support of national advertising whose theme centers on you.

The only man in your town, you wouldn't dare do business WITHOUT!

He is your PROTECTION AGENT

Damage threatens every business, accidents every home. To conduct business . . . or to live relaxed . . . you must have financial protection. Any property worth owning is worth protecting. Then lies the importance of the Protection Agent representing the National of Hartford Group of insurance companies. There are burglar alarms to prevent theft and fire alarms to prevent damage. But should losses occur, the NHG man will protect you! The NHG Protection Agent has passed an examination, is licensed by your State. He makes a property survey for you, evaluates your risks, advises how much coverage you need. Then he writes up a policy or policies, placing them for you with an insurance company or group of companies. He has the knowledge to select companies (a) with ample resources to repay you for any loss, and (b) with a known reputation for prompt payment of claims. He's impartial. The NHG Protection Agent is under no obligation to insure you with the companies constituting the National of Hartford Group. Thus, any time he selects NHG, it means he really believes NHG will best serve your interests. For impartial counsel in obtaining protection, let us put you in touch with the NHG Protection Agent in your community. Don't do business without him!

NATIONAL OF HARTFORD GROUP
of Insurance Companies

Executive and Administrative Offices: Hartford 15, Connecticut

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD MECHANICS AND TRADERS INSURANCE COMPANY
FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK
TRANSCONTINENTAL INSURANCE COMPANY UNITED NATIONAL INDEMNITY COMPANY

FIRE • MARINE • AUTOMOBILE • CASUALTY • BONDING

Now is the time to place yourself before your community as the local Protection Agent.

Your NHG Field Man can help you do this. He has detailed information about the campaign. He has materials which you can use. Call him in immediately!



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FIRE • MARINE • AUTOMOBILE • CASUALTY • BONDING

EDITORIAL COMMENT

Agent's Contribution Should Not Be Lost

The comments made by Superintendent Holz of the New York insurance department at the state agents' association convention on the agent's function and future were followed with close interest by those who heard him, as well they might be. Mr. Holz is new in this business. However, he has a keen and decisive mind, he is a close observer, and he has had a remarkable opportunity to learn a great deal about the business in a very short time, while conducting the Allstate hearing.

When he says that insurance agents as local independent business men should recognize that direct selling is tainly are not hearing something they have not heard before. However, Mr. Holz here and is going to stay, agents certainly give a remarkably balanced view of the matter, which we think is not always done. Too many persons talk one side or the other, as they may need to do under the circumstances of the expression.

At this juncture of Mr. Holz's education in insurance, it is quite clear to him that direct selling is not going to replace the agency system—there is too much value in the agency system. But as a defensive measure, local

agents are going to have to reexamine their operations, the commissions that they are paid, the costs of the type of insurance that they distribute, and the possibilities of economizing and improving because, in addition to the very real values of the personal service of local agents, there is the matter of price and economy, which is important also.

Mr. Holz has learned that there is a definite need and a place for the agent in the insurance economy. His function is definite and valuable. He does work which otherwise would have to be done by his company. But his very important function is public relations, the effect he creates on the public. He has brought, Mr. Holz made clear, the feeling of complete confidence that the public has today in the insurance business.

It was quite clear, as Mr. Holz spoke, that he, both as an individual and as an insurance superintendent, would hate to see the good in the agency system lost for failure of those who practice that system to do whatever may be necessary to continue as a vital and growing part of the insurance economy.

Realities of Department Store Selling

It must have been noticed by those who make it a practice to keep themselves well informed, what at a recent meeting in Madison, Wis., Murray D. Lincoln, president of Farm Bureau Mutual companies of Ohio said in reference to his group of companies establishing an insurance counter in the Hecht Co. department stores in Washington, D. C.:

"We want to see if we can find some method of mass distribution of insurance policies which would be more economical. We feel that the cost of selling insurance is too high, and we want to try some other way of getting insurance into the hands of the public."

It is only a waste of time for agents or executives of agency companies to attack Mr. Lincoln or his point of view. At the Madison meeting at which he spoke he was merely expressing his business philosophy. He is certainly entitled to his opinion and to his way of thinking. The department store experiment which his companies are making in Washington is no more than what Allstate has been doing in the Sears, Roebuck & Co. stores over the country for years. It is possible that other companies may make the same arrangements with department stores

in various parts of the country. Selling insurance at department store counters is not illegal, it cannot be prevented by law, and if other companies can be as successful in selling insurance at department store counters as Allstate has been, then department store insurance is going to be one of the accepted and perhaps one of the permanent ways of merchandising insurance to the public in the future. Today agents are up in arms over the Hecht Co. situation in Washington, but tomorrow the same sort of thing may be done in another city, and next week or next month in still another.

What needs to be realized now is that protesting will not in itself stop something that is not at present unlawful and is not likely to become so in the future. If expressions of outrage or disapproval or even the exertion of certain kinds of pressures were enough to exterminate or prevent department store insurance there would be none today. But department store insurance is already a definite competitive factor with which most local agents in all of the 48 states must contend. It is not a case of asking agents to like this particular kind of competition, but only of hoping that they will understand

not only that it seems to be permanent but that it is liable to spread and to increase.

Local agents are already plagued by direct writers, cut-raters, home office solicitors and various other forms of competition. Department store insurance is simply another one and not necessarily any more formidable than those which agents are already contending.

We feel that instead of assuming an air of outrage over department store insurance growth, agents need instead to understand more about it; to know what the public reaction to it has been; to learn why it has as much popularity as it has achieved; but most of all how to meet the competition that it offers, how to take away business that has been sold through department stores and to present attractively the advantages that the assured has in dealing with the local agent when it comes to any form of insurance, as compared to a clerk at a department store counter.

It is our hope that in future editorials we may be able to offer some ideas along this line that will be useful to local agents.

PERSONALS

Robert E. Ashcraft, assistant superintendent of the printing department of Travelers, has been elected president of Hartford Club of Printing House Craftsmen.

David A. Forbes, Grand Rapids local agent and former Michigan commissioner, is undergoing surgery in Butterworth hospital, for removal of an eye cataract.

Texas Gulf Sulphur Co. has elected **Edward G. Lowry Jr.**, chairman of General Re, a director.

C. Lawrence Leggett, Missouri insurance commissioner, received slight injuries in an auto collision near Jefferson City, Mo.

S. Gray Tracy, executive state agent in Connecticut of Phoenix of Hartford group is observing his 40th anniversary with the company. He has been in the Connecticut field since 1936.

P. J. Braun, Sr., veteran Flint, Mich., local agent and a former president of Michigan Assn. of Insurance Agents, was honored recently for 30 years' service in behalf of the Genesee County Tuberculosis association. Mr. Braun was presented with a plaque by M. Bushnell Trembley, association president, at the annual meeting of the organization.

Two N. Y. Blazes To Cost Insurers About \$1,157,000

Two fires in New York City are expected to cost insurers in the neighborhood of \$1,157,000.

A blaze that struck Brooklyn's Greenpoint section burned out lumber yards, milling plants and a number of small industries in a two block area. Losses to stock companies are expected to run \$375,000, while mutuals are expected to pay about \$500,000.

The second blaze, in Queens, hit a lumber yard and toy factory. The lumber yard insured loss is expected to hit about \$82,000, while the factory loss was estimated at \$200,000.

Hemispheric I-Day Is Attended by 400

NEW YORK—Some 400 persons turned out for the Hemispheric I-Day luncheon here at which the speakers were Leffert Holz, superintendent of the New York insurance department, and Henry F. Holland, assistant secretary of state for inter-American affairs, who discussed U.S. economic relations with Latin America.

Mr. Holz praised the Hemispheric insurance conference for its objectives and said it is rendering a tremendous public service for the insurance business and the nation.

The personal relationship of the conference provides considerable good will, he said, and the effect of its work is already apparent in some South American countries where the bars have been lowered for American insurers.

John A. Diemand, president of North America and chairman of the Hemispheric insurance conference committee of U.S. Chamber of Commerce, presided at the affair and introduced the speakers. He reiterated the objectives of the conference and explained that similar observances were going on in the capitals throughout Latin America.

Among those seated on the dais were **Owen E. Barker** of Marine Office of America and president of American Institute of Marine Underwriters; **James O. Nichols**, general manager of American Foreign Insurance Assn.; **Enrique Godoy**, president of Godoy-Sayan of Havana; **C. M. Close**, vice-president of Great American; **Frank A. Christensen**, president of America Fore group; **James L. Madden**, second vice-president of Metropolitan Life, and **A. L. Kirkpatrick**, manager of the insurance department of the U.S. Chamber of Commerce.

The biennial casualty property insurance institute will be held June 1-3 at **Southern Methodist University** under the sponsorship of the southwest CPCU chapter.

The NATIONAL UNDERWRITER

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DEATHS

J. C. WILSON of the Key-Wilson agency at Midland, Tex., was drowned in Oak Creek lake, near Blackwell, Tex., where he was boating with a companion who also drowned. Before going into the agency business several years ago Mr. Wilson was special agent in Texas for American Indemnity. A brother, M. F. Hitzfeld, is an agent at San Antonio.

ROBERT B. EVANS, 90, who represented Northwestern Mutual Fire from 1912 until he retired in 1945, died at Portland, Ore., following a long illness.

CHARLES G. TACHAU, 62, for many years identified with the fire insurance business in Louisville, died of a heart attack at his home there. Mr. Tachau in early life joined his father, E. S. Tachau, a veteran local agent, now retired. In 1928 the Tachau family formed Louisville Fire & Marine as a local fire company, which



CHARLES G. TACHAU

later expanded to operate in many states. The company got into financial difficulties last year and was taken over by the Inland Empire of Salt Lake City. The Tachau family sold their old E. S. Tachau & Sons agency to former employees in 1952.

At the time of his death Mr. Tachau, his father, E. S. Tachau, and brother, Lewis Tachau, were not active in the insurance business, but his son, Eric S. Tachau, shortly after the crash of Louisville F. & M., of which he was a vice-president, went back into the insurance business operating as Associated Insurance Service.

Charles G. Tachau for a number of years was president and later chairman of Louisville F. & M. He was a lieutenant in the field artillery in the first world war.

J. STYLES MARSHALL, 58, of Sumter, S. C., a member of the Perry, Moses & Son local agency, died from injuries received in an automobile accident. Prior to joining the agency he was with South Carolina Inspection & Rating Bureau for about 25 years.

JOHN C. BANKS, 70, Portland Ore., local agent, died at his home after a heart attack. He had sold his agency two days before his death. He joined the Rogers-Hart-Banks agency in 1907 and later operated it under his own name. Fred S. James & Co. will continue the business.

RUSSELL A. ALGIRE, 75 retired vice-president of National Surety, died.

He joined the company in 1898, leaving a few months later, but returning in 1904 at St. Louis. He went to the home office in New York City in 1916 and retired in 1945.

GILMORE GULBRANSON, 52, local agent at Burlington, Wis., since 1938, died at a hospital there.

GEORGE P. FIELD, 50, Syracuse agent of Allstate, died at his home. Before joining the company in 1941, he was with Hardware Mutual in New Jersey.

HERBERT BROYLES, 77, of Kentwood, La., a local agent, died in a hospital at McCombs, Miss., where he had been in the insurance business for 50 years.

LEE H. JEFFRIES, 73, president of Baraboo (Wis.) Mutual Fire, died suddenly at his home there.

JAMES SECTOR, 66, owner of J. W. Dillon agency in Barre, Vt., died there.

C. M. LANGLAND, former president of Winneshiek County Mutual and a representative in the Iowa legislature for several years, died at his home at Decorah, Ia., at the age of 84.

EARL U. CHAMBERS, 50, a Boston adjuster of General Adjustment Bureau, died there. With the bureau for 25 years, he was manager at Patchogue, L. I., before going to Boston in 1950.

MRS. HELEN P. BARDWELL, 67, president of Bardwell agency, Pittsfield, Mass., died there. The widow of Robert T. Bardwell, she was a member of Massachusetts Assn. of Insurance Agents.

ELMER PEARCE, 70, retired general superintendent of Fire Insurance Rating organization of New Jersey, died at Brielle.

CLARENCE C. REED, 70, who headed the C. C. Reed & Son brokerage

agency at Los Angeles, died there at his home following a heart attack. He was one of the leading brokers and general agents of Los Angeles, representing American Bonding, Fidelity & Deposit and National Surety.

HAROLD T. CARTLIDGE, 76, retired deputy U. S. manager of Royal-Liverpool, died at Sarasota, Fla. He entered insurance with Kansas & Oklahoma Rating Bureau in 1895, became special agent and later assistant secretary of Shawnee Fire of Topeka, was appointed western manager of National Fire and in 1922 western manager of Liverpool & London & Globe. He transferred to New York City in 1928 as deputy manager of Royal and of Liverpool in 1934. He retired in 1944. He was a member of Society of Life Members of Fire Underwriters Assn. of the Northwest.



H. T. Cartledge

GEN. CHARLES D. YOUNG, 76, retired Pennsylvania Railroad vice-president in charge of insurance, purchases and stores, died in Philadelphia.

Phoenix, Conn. Names Specials in Okla., Tex.

Thomas E. Vaughan has been named a special agent at Houston and James R. Pyle a special at Oklahoma City for Phoenix of Hartford group. Mr. Vaughan, who will work with State Agent Waldo R. Hills, was formerly with the fire insurance division of the Texas insurance commission. Mr. Hampton will join the staff of Executive State Agent John K. Goodwin.

The Los Angeles A&H Underwriters Assn. heard a talk by Walter McClintock, Washington National.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co. 135 S. LaSalle St., Chicago, May 17, 1955

	Div.	Bid	Asked
Aetna Casualty	3.60	210	Bid
Aetna Fire	2.40	73	74½
Aetna Life	3.00*	192	196
Agricultural	1.60	38	39½
American Equitable	1.70	39½	40½
American Auto	1.20	28	30
American (N. J.)	1.20	32½	33½
American Motorists	.24	16½	17½
American Surety	3.00	84	86
Boston	1.60	43½	45
Camden Fire	1.15*	29½	30½
Continental Casualty	1.40	114	117
Crum & Forster com.	2.00	74	76
Federal	.80	39½	40½
Fire Association	2.20	58	60
Fireman's Fund	1.80	75½	77
Firemen's (N. J.)	1.10	41	42
General Reinsurance	1.80	48	50
Glens Falls	2.00	78½	80
Globe & Republic	.90	22¾	24
Great American Fire	1.50	44	45½
Hartford Fire	3.00	185	190
Hanover Fire	2.00	51	52½
Home (N. Y.)	2.00	48½	50
Ins. Co. of No. America	2.50	?	?
Maryland Casualty	1.40	38½	40
Mass. Bonding	1.50*	40½	42
National Casualty	1.50*	40	Bid
National Fire	3.00	101½	103½
National Union	2.00	47½	49
New Amsterdam Cas.	1.80	56½	58
New Hampshire	2.00	52	54
North River	1.40	39	41
Ohio Casualty	1.80*	85	Bid
Phoenix Conn.	3.00	86½	88½
Prov. Wash.	1.00	26½	27½
St. Paul F. & M.	1.10	60	62
Security, Conn.	1.60	48	50
Springfield F. & M.	2.00	63	65
Standard Accident	1.80	74	76
Travelers	19.00*	2295	2340
U. S. F. & G.	2.00	78	80
U. S. Fire	1.80	56	Bid

*Includes Extras.

Elect Turner at Ft. Worth

William C. Turner of the Turner-Young agency has been elected president of Fort Worth Insurance Underwriters Assn. John A. Martin, Old Line general agency, was named vice-president and Claud L. Webster reelected secretary.

The Ralph F. Thompson agency at Indianapolis has been merged with Gregory & Appel. Mr. Thompson has been made a vice-president of the new agency.

C. H. GARDNER.....	President
J. M. B. PETRIKIN.....	Vice-President
HERBERT HOOGLSTRATE.....	Vice-President and Treasurer
HAZEL O'NEILL.....	Secretary
H. W. HUSKINS.....	Ass't Secretary
CARL P. ALLEN.....	Ass't Treasurer

Statement as of December 31, 1954

THE MERCHANTS FIRE INSURANCE COMPANY

DENVER, COLORADO

ASSETS		LIABILITIES	
Cash on Deposit and Office Fund		Loss Claims in Process of Adjustment . . .	\$ 383,803.00
Bonds at amortized values—	\$ 273,640.70	Accounts Payable and Accrued Expenses . . .	63,550.62
Note A:		Reserve for Unearned Premiums	2,829,216.00
U. S. Government . . .	\$2,327,044.56	Reserve for Contingent Commissions . . .	35,000.00
State	35,250.56	Reserve for Possible Adjustment of Reinsurance Commissions, Etc.	17,928.00
Municipal	968,425.52	Capital Stock	\$500,000.00
Industrial and		Reserve for Contingencies . . .	15,000.00
Miscellaneous . . .	5,980.00	Surplus	898,907.32
Common Stocks—	3,336,700.64		1,413,907.32
(At Market Values)			\$4,743,404.94
Public Utilities and		Note A—Investments are valued in accordance with requirements of the National Association of Insurance Commissioners. United States Government bonds carried in the above statement, in the amount of \$471,000.00, are on deposit with public authorities as required by law.	
Railroad	\$ 63,200.00		
Industrials	260,361.00		
First Mortgage Loans on Real Estate	275,605.31		
Accrued Interest on Bonds and Loans . .	12,685.95		
Agents' Balances . . .	\$ 368,859.99		
Add Ceded Reinsurance Balances . . .	112,351.35		
Federal Income Tax Refund—Estimated . .	40,000.00		
	\$4,743,404.94		

POLICY HOLDERS' SURPLUS \$1,413,907.32

This Statement Is Based on Report Filed with the Insurance Commissioner of the State of Colorado



The Everytown Story

... 5 cities are finding the answer to the traffic safety problem ... yours can solve it too!

If you've followed these encouraging success stories, you undoubtedly noted *one* striking similarity.

In each city tremendous progress in the battle against traffic fatalities can be directly traced to the moment local business leaders and civic organizations joined forces with city officials to make traffic safety a truly community project. By making traffic safety everyone's business—everyone benefited.

The case histories of how this was accomplished have been presented here on behalf of the 2200 Allstate Insurance Company Agents for one reason. They show the key role insurance agents can play in promoting this successful community approach to traffic safety.

This project should be of vital concern to *every* member of the insurance industry. Agents are in an especially good position to do something about the traffic problem in their communities. Many are giving it daily attention with worthwhile results. Everyone in every town should get into the act.



ALLSTATE

INSURANCE COMPANY

HOME OFFICE • SKOKIE, ILLINOIS

Struggle for Automobile Business Intensifies; Will Accelerate More

By KENNETH O. FORCE

Among the possibilities and certainties ahead for the automobile insurance business are:

1. Competition.
2. Competition.
3. COMPETITION.
4. Reduced price differentials between insurers writing the line.
5. A private passenger car only policy.
6. Etc.

A year ago it was obvious that competition rather than underwriting was becoming the dominant characteristic of the automobile insurance business. Quite clearly the \$4 billion line was moving out of a period in which underwriting losses and lack of capacity exerted a substantial braking influence on expansion of volume for many companies and especially agency companies.

Today this shift in emphasis from underwriting to competition is much more marked. Large agency insurers are becoming restive as their auto volume growth slows to a halt or declines. Though underwriters still are cautious, the attention of top company management has turned to what is happening to volume. Market dominance has changed enough to stir the front runners, particularly the first five or 10, to efforts or consideration of efforts which have not been made before. These companies are now studying what has happened, and what is likely to happen if the present trends continue. Some of the companies already have laid down courses of action which they expect will add to their competitive momentum and strength. Others are in the process of reviewing their position, their methods of distribution, and other aspects of their operation to see where they can be corrected or improved.

As this scrutiny goes on, every phase of the automobile insurance business is coming under close review—underwriting, rates, classification, distribution, promotion, and sales. It would be surprising if some things that have been under discussion for a couple of years or so, such as reduction of commissions percentages, direct billing, continuous policies, etc., did not come in for more of a testing than they have had to date. If one, two or three of the giant writers of automobile business in the agency field were to decide upon a course that involved direct billing—probably through the agent—or some adjustment in commissions percentages, the pattern would be more clearly established and much more effectively impressed upon the business than anything that some of the smaller companies in this field have done or are thinking of doing.

This does not mean that the giant agency companies will do any of these things. It does not mean that they will not do them. The course has not yet been established. But automobile insurance underwriting, pricing, and selling are under serious review. What is necessary to maintain position and momentum—in other words, results—will count. Top management has put itself on the spot for producing a solution.

It is obvious that agency companies are concerned about the expense and commission differential between their operations and those of the direct writers. They are also concerned about the fact that the direct writers seem to be getting the good business. At least management feels there is possibility that the specialty companies are obtaining somewhat better business than the agency companies, over-all. If top management of such companies is ready to investigate seriously, it is because they want a realistic answer.

Among the agency companies are some very large writers of automobile business that are professional operators, that have been in the business a long time, that have survived many a war, that have proved their competence occasion after occasion, whatever else is charged against them—that they move slowly, that they have had a lot of business and were not interested or were unable to pick up the new business that has been developed by financial responsibility laws and automobile population increases in recent years—they are not averse to a fight and have enough money and men to conduct one.

In the meantime, of course, the specialty companies are not standing idly by. They have a lot of business, they have plenty of money to spend on getting more business. They can be expected to slug it out with competitors of all kinds for every piece of business that they can bring within the range of their distribution system. They are confident they can continue to roll up substantial increases in their volume.

In addition to all of the other factors that make for a competition, this year there is one new one, and perhaps the most stimulating of all, the pressure the leaders are receiving from each other. The specialty leaders are going to use every means possible to get business. They are convinced that 1955 will be the biggest year in their history.

Significantly, this stepped up drive for production is due to competition between independents and not between independents and bureau companies.

Allstate, Farm Bureau, and State Farm are spending more money on advertising, particularly State Farm,

whose 5-page advertisement in the January issue of *Life* is said to be the biggest insurance advertisement of all times. State Farm is still feeling the impact of this ad and regards it as the best spent advertising dollars in its history. Starch reports state that it had the highest rating of any in that particular issue. State Farm's Red Barber TV show, now following the Pabst fights on Wednesday, moved to NBC May 13 to follow the Gillette fights on Friday night. This program had produced an extraordinary response for the company. State Farm entered New Jersey as of April 1, and plans to begin operations in New York state by midsummer. It is reported that State Farm is developing a classification plan and that it will move very strongly into the metropolitan areas in the months ahead, territory in which it had not been as active as some of the other specialty writers in the past.

The effect of this is going to bring the automobile business in the east under more competitive pressure than it has been in the past. Bureau companies have maintained their position in the east, southeast and south to a substantially larger extent than they have been able to do in the midwest, and, latterly, on the Pacific Coast. Allstate and Farm Bureau had been developing eastern business for some time, particularly Allstate. With State Farm moving into the region, competition is bound to become more intense.

Whether or not the 15% commission, 6-month continuous policy, and direct billing constitute the answer to the automobile problem for agency companies, the number of insurers operating in this way has been increasing. Several have done well with it and a couple of substantial eastern companies are said to be contemplating going in this direction full tilt. There are bound to be other insurers entering the field with similar plans this year.

Among the developments that are likely to occur within the next year among bureau companies are reductions in rates. These reductions will be substantial, at least in certain territories, and it is probable that they will be as substantial as the figures will allow, if not a little more so. Perhaps trend factors will be ridden downhill as they were uphill, when experience was growing worse several years ago. The specialty writers may find that the "soft spots" competitively will not be quite so soft as they have been.

A private passenger car policy, developed and refined for that class of business only, is a definite possibility,

and it could come within the next 12 months. If it does, it will be another competitive weapon for the agency companies. Such a policy would be simpler and briefer than the present automobile coverage, which is designed to cover commercial cars as well as private passenger automobiles. Perhaps this new private passenger car policy will have single limits for the BI and PDL. Medical payments would be a part of the policy, and extended medical payments, along with the accident insurance endorsement to the auto policy, all would be a part of the policy. The basic MP and the extended MP would be combined into one coverage at a substantially smaller premium than for the two coverages separately.

What is obviously occurring also is a closer liaison between National Automobile Underwriters Assn. and National Bureau. Committees of the two organizations cross membership much more than they used to. The same company man serves on NAUA and bureau committees in a substantial number of cases. The functioning and decisions of the two organizations as they affect rates and forms seem to be becoming much more coordinated as time goes on. Thus the effect is being achieved of having one automobile bureau.

The development of rate changes at the same time across the country may occur, at least in some cases, this year. This is something that the agents have wanted for a long time. When the BI-PDL and the PHD rates are changed at different times, it means that automobile rating is in the public eye and under political scrutiny twice instead of once, which is not a particularly good thing. Accomplishing rule and policy changes simultaneously might occur also to a greater extent.

This is the natural development, as more casualty companies enter the fire field, and as more fire companies go into casualty.

A few classification changes may occur, at least to the extent of downgrading the rates for good risks and upgrading rates for risks that are not carrying their own losses—class 2, for example, is still not paying its way.

It seems likely that specialty insurers are not going to have the same price differential that they have been enjoying, and that with premiums declining somewhat due to improved experience (and for other reasons), the price appeal is not going to be quite as effective as it has been for several years. Also there is no longer a vast number of persons buying automobile insurance for the first time. A lot of people are interested in price, but a

FIVE YEAR AUTOMOBILE INSURANCE EXPERIENCE EXHIBIT

	1954				1953				1952				1951				1950			
	Earned Pmts.	% of Total	Increase in Pmts.	Losses Incurred	Loss Ratio	Earned Pmts.	% of Total	Loss Ratio	Earned Pmts.	% of Total	Loss Ratio	%	Earned Pmts.	% of Total	Loss Ratio	%	Earned Pmts.	% of Total	Loss Ratio	%
Stock Full Cover	2,236,404,973	53.5	131,598,453	1,073,365,262	47.4	2,100,653,465	53.0	50.4	1,799,314,785	53.9	55.8		1,507,667,090	52.3	58.4		1,290,454,065	50.7	50.3	
Stock Fire	633,970,442	15.2	29,160,696	274,824,535	43.5	601,143,054	15.4	49.9	552,671,230	16.6	53.9		544,144,372	18.9	51.5		533,869,686	20.9	43.4	
Mutuals	1,046,145,208	25.0	86,721,228	509,113,997	48.7	961,744,049	24.6	51.5	787,114,864	23.1	54.2		646,745,467	22.4	53.9		560,526,483	22.1	47.7	
Reciprocity & Lloyds	264,818,155	6.3	14,277,142	122,801,918	46.2	250,793,828	6.4	50.2	214,697,937	6.4	54.6		134,367,271	6.4	55.8		162,391,477	6.3	47.6	
Totals	4,181,338,778	100.0	261,757,519	1,980,605,712	47.3	3,914,244,396	100.0	50.7	3,333,799,006	100.0	55.2		2,882,924,200	100.0	55.0		2,547,241,711	100.0	48.0	

great proportion of such persons already have been sold on price—or not. For some years there has been a great number of persons buying auto insurance for the first time—due to FR laws and to the post-war boom in the automobile population. To these persons price had an especial appeal. But now auto insurers are going to have to get business by taking it away from each other. It is going to be somewhat harder to sell on price alone, since so many have already had the opportunity to make their choice on the price issue.

But specialty writers will make other appeals. The leading companies of this type want to continue to be leaders, and they will use the devices that are necessary to keep them in the running.

One large direct writer has been thoroughly reviewing its distribution system. What will come of this intensive study in way of revision is not known, but it may indicate that those who have proceeded on the assumption that direct writers all have the perfect distribution system could be wrong.

One direct writer had a somewhat unfortunate experience in a large eastern state and found itself with a bad and worsening loss ratio on automobile business in 1954. Toward the latter part of the year, it jettisoned 40% of its business, some 10,000 to 15,000 risks, in an attempt to clean up the situation. There were several reasons for its difficulty. One was insufficient and unseasoned underwriting, processing and supervisory personnel. The company had been expanding rapidly, and it was simply not staffed to handle such a volume on a sound basis.

However, another problem it ran into was that its agents, writing exclusively for it, had been producing poor business. Anxious to increase their earnings, or maintain them, agents were reaching for new business on which the commission was high. For the most part apparently, these agents were those who produced mostly automobile premiums. However in an effort to increase the 15% type business, and to keep from sliding over largely onto lower renewal commission volume, the agents sought new business everywhere. They loaded the company with poor risks, and the loss ratio shot up.

When premium volume levels off, when a specialty writer is able to show only a five to 10% increase in volume instead of 30 to 50%, the commission rate of 15% for new business and 6½% on renewals may have to be modified.

It would be reasonably simple to change these factors. However, this would increase acquisition cost, which would also work toward reducing the selling price differential between specialty writers and agency insurers.

If the reduction in earnings to agents reflected a general decline in the economy, agents might go along with the reduction. At least, they might have to. But present causes for this possible reduction in earnings is not likely to satisfy such agents. Of course, the company could reduce the number of agents and give each one more servicing to do. Yet this would shift expense from one category to another, and offset the net cost of it. Where the specialty writer has a life company, as most of them do and as it is rumored that Allstate will have, the producer has more to sell. If he is interested in and successful at the sale of life insurance, he can add to his income in this manner. However, not all of those who do all right in the sale

of automobile and fire insurance are disposed to sell life insurance or succeed at it. After all, one of the big problems of the life insurance business that it has never been able to solve (though it has improved it) is the very high turnover in sales personnel.

It is not safe to generalize, however. One specialty company does not have any problems with its compensation system, and it has been in business many years. Its sales are not declining, and it expects them to continue to rise. Its compensation program is such that only during the first few years is an agent's economy dependent mainly on new sales. Its agents receive a 10% service fee for handling of claims and the rendering of service to policyholders. An agent with 1,000 policies in force will average \$100 per week in service fees and will handle about one claim a day, plus other service. He will also sell life and fire insurance. The company had 1,031 men who sold more than \$100,000 of paid-up life insurance in 1954.

This company finds that a successful agent quickly reaches 1,000 policies

in force and that thereafter he tends to set his own ceiling on the total number of policies that he chooses to handle. He finds that if his personal business grows too large, he must hire help, and this may or may not be worthwhile to him financially.

Yet it seems likely that as competition increases, the acquisition costs of specialty companies will go up somewhat. They have been relying on the fact that local agents to a substantial extent have not and still are not providing competition at the point of sale, they are not asking people to buy, and the specialty companies and their agents are doing so. The objective of the specialty companies is to get their story to as many persons as possible in stores, at the homes of prospects, etc. If the local, multi-company agents do a lot less business than their companies need to keep up with the profession, then the working agent, whether he is a one-company man or a multiple company man, will take it away from the non-selling agents. The trend also would be for the independent agent to run out of companies; they will have to get their business

from some other source, or drift out of the line. As one specialty company points out, it has 7,000 agents selling just as hard as anybody; they have the added advantage of price, and they are doing something about service.

There has been a lot of discussion about the 6-month policy, which was brought out as a convenience to the customer who found it difficult to put up an entire year's premium. There seems to be no doubt about the fact that if a 6-month premium is adopted, it has to be accompanied by a continuous policy and direct, or at least wholesale, billing to avoid doubling the policy writing cost and having twice as much collection expense.

The annual policy does not in itself represent much difference in expense to companies and agents, compared with a certificate which is prepared and mailed twice a year. Consequently, the argument for the continuous policy is largely for the purpose of enabling insured to pay half his annual automobile premium twice a year, though there is a sales lever in the fact that the premium the customer sees is not large and collision can be and frequently is added for that reason.

Agents representing companies which do not write a 6-month policy could use the devices that are available to give insured the privilege of paying substantially half the premium twice a year. Some agents have found these devices extremely successful, and for exactly the same reason that the specialty companies have the 6-month policy appealing to automobile insurance buyers. Yet not nearly enough agents use them to offset the pressure for a 6-month policy which would bring with it home or branch office billing, use of renewal certificates, etc.

What are these devices? There are several finance plans such as Afco, DelMar, etc. In addition, National Bureau rules permit insured to pay 50% of the annual premium at the inception of the policy and the remainder at the end of four months. There is a 50 cent charge on each transaction, or \$1 for the service, which is so nominal that not one in 1,000 insured is likely to decide against the coverage for this reason alone. Since most agents are on a 60-day basis with their companies, use of this device in practice can result in a 6-month premium payment. Or, insured can pay in three installments, under National Bureau rules. This is 40% of the premium down, 30% of the premium at the end of three months, and 30% at the end of the succeeding three months. In other words, he can pay the annual bill over a period of six months.

Finance plans and installment arrangements have the advantage of involving no automatic cancellation for failure to remit premium on time. They avoid the 6-month policy. The agent keeps insured on the books for one year; he does not have to sell insured every six months, as he may have to do with a 6-month contract.

On the renewal certificate the agent saves a little typing and the company saves a little paper. It costs a little more to type out a policy than it does to type out two renewal certificates, but this additional cost is far less than the cost of the 6-month segmentation of the business.

The continuous policy and direct billing with a 6-month premium incidence means a smaller schedule Preserve and a smaller unearned pre-

20 Leading Auto Insurers of 1954 Listed

1953 Rank	1954 Rank	1954 Earned Prem. \$	1953 Earned Prem. \$	1952 Earned Prem. \$
1.	1. State Farm Mutual Auto...	201,391,636	175,186,182	132,599,140
2.	2. Allstate	171,945,640	131,794,816	89,231,956
3.	3. General Exchange	135,285,941	117,074,727	98,012,577
4.	4. Farm Bureau Mut. Auto, O.	111,893,477	101,140,861	77,179,420
5.	5. Travelers Indemnity	88,802,479	82,779,874	67,854,007
6.	6. U. S. F. & G.	85,478,709	82,172,095	72,034,804
7.	7. Farmers Exchange, Cal.	84,912,690	82,202,122	71,203,466
8.	8. Hartford Accident	84,714,481	83,009,750	73,749,247
9.	9. Travelers	80,781,470	73,694,913	59,752,091
10.	10. Liberty Mutual	69,046,014	66,724,374	54,758,708
11.	11. Aetna Casualty	67,231,447	62,683,246	51,041,244
12.	12. Lumbermens Mutual Cas.	65,937,295	66,487,498	63,201,367
13.	13. Fidelity & Casualty	60,569,948	58,511,622	46,068,413
14.	14. Service Fire	44,647,304	42,239,168	40,437,373
15.	15. Maryland Casualty	39,117,046	34,549,417	30,419,928
16.	16. General Accident	38,357,235	35,492,015	29,967,314
17.	17. American Auto	36,173,432	34,931,699	30,509,154
18.	18. Hartford Fire	35,590,038	35,933,907	33,819,333
19.	19. Indem. of No. Amer.	35,253,162	32,480,201	25,444,937
20.	20. Ohio Casualty	35,235,401	33,994,053	28,106,163

The 20 leading automobile insurance writers of 1954 did an aggregate business of \$1,572,364,926, a gain of 8.8%. Reductions in nearly all states on physical damage business plus slight reductions in a number of states for certain classes of liability contributed in holding down the total amount of gain, although as the base gets higher the amount needed to produce a significant percentage increase is considerable. The 20 leaders had a total increase of \$127,779,873, and just about half of it was contributed by the two leaders, State Farm and Allstate.

The average premiums of the first 20 companies is \$78,600,000 as compared with \$72,024,000 in 1953 and \$58,905,000 in 1952.

Indemnity Ins. Co. of North America is the only newcomer to the list of leaders, and it replaces Calvert Fire, a finance physical damage writer, which dropped out of the list altogether after having occupied 15th place. This was one of the companies to suffer in volume by reason of rate reductions.

An additional \$225 million can be added to the 20 leaders if all companies in their groups are figured in as to automobile insurance. The groups

of which the 20 leading automobile writers are members did a total automobile insurance business last year of \$1,802,661,465, indicating strongly that two years from now the 18 groups represented in this list plus U.S.F.&G. and Maryland Casualty will be doing an automobile volume in excess of \$2 billion. In 1954 the 20 leading companies and members of their groups did 43.0% of the total automobile business done by all companies in the United States. The leading automobile writer, State Farm, did 4.8% on the total, and another Illinois company, Allstate when combined with State Farm, did a 8.9% of the total.

The individual company increases in premiums in 1954 were not as tremendous as in the preceding year, but Allstate and State Farm still had phenomenal gains, Allstate going ahead by \$40 million, State Farm by \$26 million, and other big gains were racked up by General Exchange, \$18 million, and Farm Bureau of Ohio, \$10 million.

With the four leading companies showing the largest gain, there was no change in ranking for them, but fifth place was taken over this year by

(CONTINUED ON PAGE 26)



L. W. BARKLEY
Slippery Rock, Pa.



BRUCE LONGBOTTOM
Baltimore, Md.



W. RAY BARTHOLOMEW
Binghamton, N. Y.



ED TARKINGTON
Lynchburg, Va.



WILLIAM N. PROKASY
No. Olmsted, Ohio

Q.

WHAT DOES "IN SERVICE WITH PEOPLE" MEAN TO THE PUBLIC?

A.

It means that Farm Bureau is in business to help people help themselves. "In Service With People" is more than a slogan . . . much more. This is the belief, the faith upon which our organization was founded twenty-nine years ago. Since then these Companies have been the device people use to help solve many of their economic problems—through low cost insurance in most lines, through auto financing and mortgage loans, and through loans to distributors of consumer goods.

This is the *plus* in a Farm Bureau policy.

Q.

WHAT DOES "IN SERVICE WITH PEOPLE" MEAN TO FARM BUREAU AGENTS?

A.

It means that they play an active role in Farm Bureau's *partnership in action*. They work closely with the Companies' unique Advisory Committees of Policyholders which meet annually to help shape company policy. This working partnership between agent and policyholder makes selling easier—because the friends and neighbors of Farm Bureau's 4,000 agents know that they have a genuine interest in the economic problems of the 2,000,000 people they serve.

This is the *plus* in a Farm Bureau career.

What "In Service With People" means to agent Mitchell Filing of our Canton, Ohio region—one of our top producers in 1954:

Agents pictured are several of Farm Bureau's leading combined producers during 1954.

"When I joined Farm Bureau I joined an organization that's not in business for private gain, but to help people help themselves. With this kind of organization behind me, it's a lot easier to win the confidence of new prospects . . . and when these prospects become policyholders they stay sold on Farm Bureau because they know they have a personal stake in its future."



Agent Filing at his home in Akron, Ohio, with his wife, Dora May, and their children (left to right), Valerie, Constance, Philip and Mitchell, Jr.



HOME OFFICE:
COLUMBUS, OHIO

In Service With People

FARM BUREAU INSURANCE COMPANIES

FARM BUREAU MUTUAL AUTOMOBILE INSURANCE COMPANY • FARM BUREAU MUTUAL FIRE INSURANCE COMPANY • FARM BUREAU LIFE INSURANCE COMPANY

Operating in Ohio, New York, Pennsylvania, Delaware, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Vermont, Rhode Island, Connecticut, New Jersey, Washington, D. C.

Write: Agency Secretary, Home Office

mium reserve. These factors are particularly important to the small company or to any company that does not have much surplus. Many small local companies still are paying 25% commission on BI and PDL, and, in the aggregate, they do a very substantial amount of business.

On the other hand, the 6-month computation produces statistical problems for the companies since most statistics and statistical record keeping are geared to the annual basis. Losses, premiums, exposures, etc. are related to the annual term. Financial responsibility and interstate commerce commission filings are geared to the annual term. FR and ICC filings on 6-

month policy would pose severe collection problems on this kind of business.

Many agents finance premiums in their own offices, either using their own arrangements or an outside plan. One successful agency in a large eastern city has solved the problem of meeting specialty company competition on automobile business largely through the use of an outside financing arrangement.

The head of that agency explains that the public generally buys homes, automobiles, TV sets, deep freezers, washing machines, and other items on monthly payment plans. Automobile insurance premiums in many terri-

ties now are of a sufficient size to justify financing them. He is convinced that if automobile premiums are not financed, the agents are going to lose such premiums to cut rate competitors.

This particular agency handled more than 3,000 financed transactions representing premiums of nearly \$350,000 in 1954. For the nine months July 1, 1954 to March 31, 1955, automobile BI and PDL premiums were more than \$150,000 ahead of the same period in 1953-1954. There were no increases in rates during that time. The increase is not entirely due to the financing of premiums—it is perhaps principally due to hard work. However, the agency is convinced that if it had not been using a finance plan, it would have felt the competition of direct writers. As it turned out, the reverse is true.

How is the experience running? For the agency companies and probably for all insurers BI frequency has been trending downward somewhat. The average claim cost, or severity, however, is still showing a slight increase. Some observers believe that if claims were absolutely current instead of lagging as they must, some distance behind, severity might have stopped its rise altogether. Possibly claim men, with more time on their hands, are settling some of the older cases.

More cases in which insurers believe their insured were not negligent are being tried, by insurer decision. As one veteran automobile man puts it, claim men for a time were afraid to try cases, because they were apt to get caught with a big one, once in ten. But they are rediscovering that by trying ten and winning nine they can produce a much better over-all result.

This underwriter points out PDL cases are often settled rather than resisted because if the insurer doesn't buy the claimant a new fender, he develops a stiff neck as a result of the accident. On PHD this observer believes insurers still are paying too much gratuitously, that such losses are not getting, over-all, enough expert adjustment, that agents tend to get in the act and, having the authority to give the nod on the adjuster, get more settlements and more in them then might otherwise be the case. Repair men, of course, tend to build the bills.

Another observer thinks insurers are winning more cases because of organized, increased public relations efforts by the companies, which have made the public more conscious of where the claim dollar comes from.

Of course, everyone agrees that there are certain bad areas; these are

20 Leading Automobile Insurers of 1954 Listed

(CONTINUED FROM PAGE 24)

Travelers Indemnity at the expense of Hartford Accident, which dropped all the way to eighth. U.S.F.&G. moved up into sixth from eighth spot, and the only other big gain was that of Maryland Casualty from 19th to 15th. Indemnity of North America, with a nearly \$3 million gain in premiums moved into the list of leaders in 19th place. Ohio Casualty for the fifth straight year holds down the anchor position in 20th place.

This year there is considerable interest in the leading automobile writer because Allstate had direct premiums of \$207,336,314, or \$1 million more than State Farm.

Below are listed the 20 leading companies from the standpoint of direct premiums, insofar as this information could be ascertained. It is interesting that there are not so many startling changes as might be expected. Motors of the General Exchange groups shoots up from somewhere in the first 30 companies to the third ranking company and General Exchange slips from third to 18th on the basis of direct premiums, but a number of insurers retain their identical positions, contrasting direct and written premiums. The newcomers to the list aside from Motors are Hardware Mutual Casualty and Continental Casualty, replacing Indemnity of North America and Travelers. The table gives ranking as to direct premiums at the left, the amount of direct premiums, and at the right is the ranking of the company on the leaders table of earned premiums.

1. Allstate	207,336,314	2.
2. State Farm	206,260,629	1.
3. Motors	133,820,944	..
4. Farm Bur., O.	111,140,716	4.
5. Travelers Indem.	110,887,312	5.
6. Hartford Acc.	87,554,365	8.
7. U. S. F. & G.	86,373,213	6.
8. Farmers Exch.	84,598,790	7.
9. Liberty Mut.	76,068,361	10.
10. Aetna Cas.	69,386,533	11.
11. Fid. & Cas.	63,919,533	13.
12. Lumb. Mut. Cas. ..	56,775,335	12.
13. Service Fire	49,536,222	14.
14. General Acc.	42,502,729	16.
15. Maryland Cas.	41,516,207	15.
16. American Auto ...	36,740,359	17.
17. Ohio Cas.	34,793,276	20.
18. General Exch.	34,276,926	3.
19. Hard. Mut. Cas. ...	30,563,062	..
20. Continental Cas. ..	30,017,296	..

not always the same, though they tend to be the large metropolitan areas, except for New York City, which is always a bad area.

The reinsurers are watching the situation closely. For the most part they write automobile BI and PDL on the basis of the excess tables in the manual. These are a percentage of the basic limits premium. If the premium goes down, the manual excess rates follow. These manual excess rates today are more realistic, after increases a couple of years ago secured in almost every state but Virginia. But if rate competition really increases substantially, reinsurers would be getting less for their product.

Automobile PHD underwriting profit is good for 1954, up around 17 points, the best for four years. The volume over-all is up, but for agency companies it is slightly down. This trend is a serious one for the agency companies and indicates that direct writers are getting a larger percentage of PHD business as time goes on.

Auto Coverage, Rates and Features of 1907

That "multiple-line underwriting" isn't entirely new is disclosed by certain aged documents in possession of General Accident pertaining to that company's activities nearly half a century ago.

Just 40 years before the first state enacted multiple line insurance legislation, General Accident, through the New York agency of Sewall & Alden, then its automobile managers, introduced in the New York legislature a bill under which life, health and accident insurers could "make insurance" upon automobiles. The legislation enabled the companies to afford not only accident coverage in connection with automobiles but protection for legal liability for bodily injuries and damage to property, damage to the automobile by collision and loss by burglary, theft or both. After the law became effective in 1907, Sewall & Alden advertised:

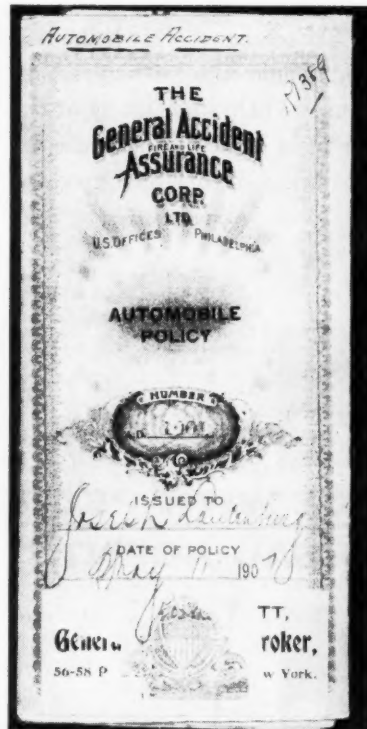
"Our 1908 automobile policies cover in one contract: liability insurance, damage to car, damage to property of others, burglary and theft, accident insurance for owner, accident insurance for paid driver." A replica of that advertisement is shown herewith.

A notable omission is coverage against fire and explosion which continued to be written by fire companies.

The first General Accident policy numbered AD-1001 and shown herewith has found its way back to the company's files. It was issued to Joseph Lautenbourg of New York City, a dentist, and became effective May 11, 1907. It covered a 1906 Dorris touring car with serial number 42. The policy, having handwritten declarations, was void if the car was driven by a person under 17 years of age or when driven in any race or speed contest.

Today's automobile insurance rates make an interesting comparison with those appearing in General Accident's 1907 rate circular, a copy of which is included in the collection. On a 30 horsepower car, valued at \$6,000, General Accident offered coverage at \$355, which was a recent reduction from \$435. The bodily injury liability limits were 5/10. Rates set forth in the pamphlet ran as high as \$820 for a 60 h.p. car worth \$15,000, down to \$82.50 for a \$600 car of 8 h.p., this for full cover, with a fire insurance policy covering the fire peril. The PDL limit oddly enough was related to the declared value of the automobile and the amount of material damage insurance carried on it.

Accident insurance for the owner provided a \$5,000 death benefit or a like sum for loss of both hands or both feet or sight of both eyes, half that amount for loss of one such member, and \$25 weekly indemnity for six months. This coverage is interesting in view of the current move to write accidents are often settled rather than re-



cident coverage as an endorsement to the automobile policy.

Similar accident insurance for the paid chauffeur with benefits one-fifth of those of the owner was included if the insured automobile was worth more than \$2,000. Otherwise a "slight additional premium" was charged if the coverage was desired.

The high premium cost and the limited coverages written on automobiles in other years are in great contrast to the coverages and premium rates available today.

OUR 1908 AUTOMOBILE POLICIES COVER, IN ONE CONTRACT

Liability Insurance, Damage to Car, Damage to Property of Others, Burglary and Theft, Accident Insurance for Owner, Accident Insurance for Paid Driver,

AT REDUCED RATES

Full Collision, that is damage to car and damage to property of others, is included at 2%.

THE GENERAL ACCIDENT, FIRE AND LIFE ASSURANCE CORPORATION, LTD.

FRANKLIN J. MOORE, U. S. Manager

COVER

Damage to property in full.
Damage to car \$15 average.
Lamps and Tires.

AUTOMOBILE DEPARTMENT

SEWALL & ALDEN, Managers

23 Liberty St., New York City

EUROPE

Policies can be extended to cover abroad for small additional premium.

Auto Premiums by Company Groups

STOCK GROUPS

	1954 Premiums Earned \$	1953 Premiums Earned \$
Allstate	171,945,640	131,794,816
Allstate Fire	17,040,493	12,336,326
Total	188,986,133	144,131,142
Travelers	80,781,470	73,694,913
Travelers Indem.	88,802,479	82,779,874
Travelers Fire	14,134,359	13,695,954
Total	183,718,308	170,170,741
General Exchange	135,285,941	117,074,727
Motors	33,100,818	28,225,651
Total	168,386,759	145,300,378
Hartford Accident	84,714,481	83,009,750
Hartford Fire	35,590,038	35,933,907
N. Y. Unds.	854,690	843,847
N. W. F. & M.	458,635	463,066
Citizens, N. J.	366,907	370,493
Twin City	275,181	277,839
Total	122,259,932	120,898,902
Aetna Cas.	67,231,447	62,683,246
Automobile	24,023,325	23,755,244
Standard, Conn.	528,230	496,070
Total	91,783,002	86,934,560
Fidelity & Cas.	60,569,948	58,511,622
Continental	14,108,628	14,451,098
Fidelity-Phoenix	11,650,677	12,384,275
Niagara	3,225,116	3,525,086
Amer. Eagle	1,751,527	1,939,030
Total	91,303,896	90,811,111
Globe Indemnity	13,846,970	17,644,406
Royal Indemnity	15,704,910	19,392,080
L. & L. & G.	7,195,592	6,653,746
Royal	8,338,409	7,693,647
Queen	10,685,246	8,742,369
Newark	4,213,824	4,250,054
Star	3,785,655	3,649,389
Va. F. & M.	1,232,057	1,098,342
Thames & Mersey	1,195,455	1,020,419
British & Foreign	1,982,068	1,739,680
Amer. & Foreign	3,249,728	2,954,884
Total	71,330,914	74,658,996
Metropolitan Cas.	15,240,542	14,467,253
Commercial	16,579,529	15,681,733
Firemen's, N. J.	21,118,596	20,667,588
Milwaukee	5,988,880	5,860,958
Girard	2,206,428	2,159,300
Natl.-Ben Franklin	2,206,428	2,159,300
Total	63,340,403	60,996,132
Service Fire	44,647,304	42,239,168
Service Cas.	16,567,100	21,553,049
Total	61,214,404	63,792,217
Indem. of N. A.	35,253,162	32,480,201
Ins. Co. of N. A.	15,871,779	15,087,469
Phil. F. & M.	2,822,584	2,773,986
Total	53,947,525	50,341,656
Amer. Auto.	36,173,432	34,931,699
Amer. Auto. Fire	14,095,918	13,688,912
Assoc. Indem.	315,165	329,311
Total	50,584,515	48,949,922
General Acc.	38,357,235	35,492,015
Potomac	8,937,972	8,411,752
Total	47,295,207	43,903,767
Great Amer. Ind.	19,793,240	18,084,132
Great American	16,071,328	13,433,675
Amer. National	1,004,457	776,334
Amer. Alliance	2,329,002	2,329,002
Detroit F. & M.	1,004,457	970,418
Rochester Amer.	1,004,457	970,418
Mass. F. & M.	1,004,457	970,418
Total	39,882,396	37,534,397
Employers Liab.	23,071,017	22,499,339
Employers Fire	4,516,439	5,130,910
Amer. Employers	11,744,150	11,092,467
Total	39,331,606	38,722,716
Home	19,416,540	20,297,818
Home Indem.	19,621,821	19,935,145
Total	39,038,361	40,232,963
Ohio Cas.	35,235,401	33,994,053
Ohio Ins.	2,489,023	2,410,470
West American	1,235,385	1,560,871
Total	38,959,809	37,965,394
Fireman's Fund Ind.	5,783,730	22,548,038
Fireman's Fund	26,990,742	11,282,556
Home F. & M.	5,783,730	2,820,640
Western Nat'l.	1,284,320	1,284,320
Total	38,558,202	37,935,604
New Amst. Cas.	24,453,477	25,039,567
U. S. Cas.	11,740,959	12,731,505
Total	36,194,436	37,771,072
Calvert Fire	34,888,091	39,982,716
Cavalier	917,036	165,637
Total	35,805,127	40,148,353
Gen. Cas. Wash.	22,799,003	22,295,884
General, Seattle	11,913,137	12,424,218
First National	463,852	501,570
Total	35,175,992	35,221,672
St. Paul Merc. Ind.	20,100,514	19,888,956
St. Paul F. & M.	11,215,628	6,211,634
Mercury	3,561,302	3,584,669
Total	34,877,444	29,685,259
Continental Cas.	31,536,891	27,895,356
Transportation	31,536,891	27,895,356
Total	31,536,891	27,895,356
Standard Acc.	27,591,791	29,741,695
Planet	3,065,754	749,708
Total	30,657,545	30,491,403
Aetna Fire	20,703,421	18,819,122
Century Indem.	3,746,076	3,421,659
Standard, N. Y.	3,746,076	3,421,659
World F. & M.	1,873,038	1,710,829
Total	30,068,611	27,373,269
Am. Fid. & Cas.	22,571,031	20,851,949
Am. Fid. Fire, N. Y. ..	6,291,571	4,663,858
Total	28,862,602	25,515,807
Glens Falls	14,864,951	15,276,900
Glens Falls Ind.	9,459,514	9,721,683

	1954 Premiums Earned \$	1953 Premiums Earned \$
Commerce	2,702,719	2,777,618
Total	27,067,184	27,770,181
Zurich	23,052,212	20,864,100
Amer. Guar. & Liab. ..	3,155,106	5,703,577
Total	26,207,318	26,567,677
National Fire	19,178,733	17,079,703
United Natl. Ind.	1,199,670	1,067,482

	1954 Premiums Earned \$	1953 Premiums Earned \$
Mech. & Traders	1,198,670	1,067,482
Franklin Natl.	1,198,670	1,067,482
Transcontinental	1,201,670	1,067,482
Total	23,976,413	21,349,631
Federal	18,038,451	17,848,975
Alliance, England	1,229,723	1,220,840
Marine	1,229,723	1,220,840
Vigilant	1,207,228	1,191,933
Sea	614,863	610,418
Total	23,319,988	22,073,066
Premier	8,344,098	10,479,248
Paramount	77,194	165,763
Mfrs. Cas.	10,015,300	9,715,754
Pacific Nat. Fire	3,760,862	2,199,674
Total	22,197,453	22,560,439
American Cas.	11,672,473	10,560,822
Am. Av. & Gen.	3,686,044	3,521,696

	1954 Premiums Earned \$	1953 Premiums Earned \$
Acc. & Cas.	3,686,042	3,379,875
Total	19,044,559	17,482,663
Western C. & S.	11,287,411	10,619,870
Western Fire	7,612,094	7,260,541
Total	18,899,505	17,880,411
London Guar.	10,554,056	10,193,306
Phoenix Indem.	7,036,037	6,795,537
Phoenix London	309,625	327,494
United Firemen's	138,516	144,243
Columbia, N. Y.	252,539	267,594
Union Marine	114,072	111,296
Total	18,404,895	17,839,770
Buckeye Union Cas. ..	15,134,768	12,819,912
Buckeye Un. Fire	800,467	728,521
Total	15,935,235	13,548,433
Ohio Farmers Ind.	10,313,155	8,914,754

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The largest stock company in the world
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	1954 Earned \$	1953 Earned \$
Ohio Farmers	5,588,485	5,216,792
Total	15,901,640	14,131,546
Ocean Acc.	5,889,947	5,775,917
Columbia Cas.	3,905,405	3,864,050
Comm'l. Union, Eng. ..	2,120,565	2,053,710
Amer. Central	1,084,294	1,049,821
California	661,134	640,115
Comm'l. Union, N. Y. ..	528,215	511,456
Union, London	370,893	359,069
Palatine	370,893	359,069
British General	158,706	153,660
Total	15,090,052	14,766,867
Phoenix, Conn.	9,717,077	9,696,594
Conn. Fire	3,457,140	3,455,355
Equitable F. & M.	1,172,749	1,169,071
Great Eastern	426,647	422,251
Total	14,773,613	14,383,274
U. S. Fire	5,243,708	4,090,776
North River	2,607,008	2,052,164
Westchester	2,860,511	2,253,490
British Amer.	271,137	219,208
Western, Can.	489,313	396,365
Southern, N. C.	344,980	272,295
Total	11,816,657	9,244,298
Boston	8,220,604	8,167,895
Old Colony	3,533,116	3,500,526
Total	11,753,720	11,668,421
N. A. C. & S. Re	7,288,89.0	9,494,500
Swiss Reins.	1,471,555	2,077,614
N. A. F. & M. Re	193,129	96,186
Total	11,653,574	11,658,309
Hawkeye-Sec.	2,958,839	3,058,512
Industrial, Iowa	5,185,900	6,355,166
Northeastern	3,386,659	1,877,322
Total	11,531,398	11,321,001
General Reins.	9,550,368	8,121,982
North Star Reins.	803,006	880,146
Total	10,353,374	9,002,128
Northwest Natl. Cas. ..	6,758,416	5,983,247
Northwestern Natl.	3,378,748	3,099,114
Total	10,137,164	9,082,361
Pacific, N. Y.	4,100,273	3,876,241
Bankers & Ship.	3,600,239	3,403,529
Jersey	2,300,152	2,174,477
Total	10,000,664	9,454,247
Fire Assn.	7,277,373	6,856,771
Reliance	1,819,629	1,713,954
Total	9,097,002	8,570,725
Springfield F. & M.	7,485,758	7,444,074
New England	907,363	902,312
Mich. F. & M.	680,522	676,738
Total	9,073,643	8,923,124
London & Lanc. Ind.	5,095,357	4,917,132
Standard Marine	835,768	1,112,032
London & Lanc.	1,075,183	1,028,745
Orient	679,050	649,791
Safeguard	282,939	270,732
Law Union & Rock	228,355	216,643
Total	8,294,612	8,069,066
Merchants Ind.	6,531,059	5,951,855
Merchants, N. Y.	1,713,677	1,859,809
Wash. Assur.	824,736	7,811,664
Total	8,244,736	7,811,664
Northern, N. Y.	6,721,170	5,640,728
Assurance, Am.	1,392,959	1,269,214
Total	8,114,129	6,909,942
Gulf	6,858,422	6,243,962
Atlantic, Tex.	1,140,537	1,017,404
Total	7,998,959	7,261,366
Conn. Ind.	4,159,918	4,237,348
Security, Conn.	3,308,918	3,331,532
Total	7,468,836	7,568,880
New Hampshire	3,535,814	3,425,817
Granite State	997,280	966,257
Amer. Fidelity, Vt.	2,537,090	2,048,688
Total	7,070,184	6,438,762
N. J. Mfrs. Assn. Cas.	60,311	42,191
N. J. Mfrs. Ind.	6,933,129	5,811,065
Total	6,993,440	6,023,256
National Union	5,444,053	6,001,975
Natl. Union, Ind.	388,860	353,056
Birmingham, Pa.	648,100	706,114
Total	6,481,013	7,061,145
Selected Risks Ind.	5,741,708	4,684,695
Selected Risks	733,906	556,391
Total	6,475,614	5,441,086
Anchor Cas.	5,534,708	5,696,830
Queen City	586,667	773,874
Total	6,121,375	6,470,704
Prov. Wash. Ind.	1,429,295	1,201,721
Prov. Wash.	3,989,975	5,264,169
Total	5,419,270	6,465,890
Sun Indemnity	3,066,876	2,815,581
Sun	1,655,920	1,753,601
Patriotic	385,625	408,372
Sun Underwriters	226,838	240,219
Total	5,335,259	5,217,773
Pennsylvania	1,712,844	1,771,451
North British	1,581,087	1,635,185
Commonwealth	790,543	817,593
Mercantile	790,543	817,593
Homeland	395,271	408,796
Total	5,270,388	5,406,618
Pa. Mfrs. Assn. Cas.	4,503,126	4,042,056
Pa. Mfrs. Assn.	381,297	379,341
Total	4,884,423	4,421,397
Agricultural	3,336,914	2,987,036
Empire State	834,229	746,759
Total	4,171,143	3,733,795
Car & General	2,416,834	2,738,065
Royal Exchange	866,251	826,496
Provident	714,735	787,071
State, England	6,223	3,617
Total	4,004,043	4,355,249
Globe & Rutgers	2,101,383	2,101,383
State of Pa.	863,864	825,117
Amer. Home	2,744,621	618,274
Total	3,608,485	3,544,744
Pearl Assur.	1,631,811	1,509,853
Eureka-Security	1,385,286	1,281,762
Monarch Fire	429,424	397,330
Total	3,446,521	3,188,945
Amer. Equitable	1,404,913	1,455,674
Globe & Republic	545,878	545,878
New York Fire	643,918	667,184
Merch. & Mfrs.	351,228	363,919
Total	2,400,059	3,032,655

	1954 Earned \$	1953 Earned \$
Atlas, Eng.	1,090,802	1,102,515
Albany	272,701	275,629
Quaker City F. & M. ..	574,045	567,876
Total	1,937,548	1,946,020
St. Louis F. & M.	889,274	761,231
Wash. F. & M.	889,274	761,231
Total	1,778,548	1,522,462
Universal	1,771,401	985,226
Universal Indem.	686,575	686,575
Total	1,771,401	1,671,801
Northern, Eng.	1,401,669	1,269,297
London & Scottish	111,783	107,053
Total	1,513,452	1,376,350
Norwich Union	735,795	829,417
Eagle, N. Y.	723,986	806,311
Total	1,459,781	1,635,728
Utilities	882,889	923,755
Preferred Fire	510,429	532,678
Total	1,393,318	1,456,433
London Assur.	831,095	781,368
Manhattan F. & M.	356,183	334,872
Total	1,187,278	1,116,240
Caledonian	450,718	471,996
Caledonian-Amer.	113,498	117,999
Netherlands	187,799	196,665
Total	752,015	786,660
Prudential	325,752	296,647
Skandia	260,602	206,531
Hudson	65,150	51,649
Total	651,904	554,827
Century	496,694	488,037
Pacific Coast	124,174	122,009
Total	620,868	610,046
Millers Natl.	213,880	234,306
Illinois Fire	48,123	82,079
Total	262,003	316,385
Union & Phenix	53,007	70,158
Urbaine	53,035	69,064
Unity	90,349	17,585
Total	196,391	156,807

MUTUALS AND MIXED

	1954 Earned \$	1953 Earned \$
Farm Bur. O.	111,893,477	101,140,861
Farm Bureau Fire	7,005,151	6,157,484
Total	118,898,628	107,298,345
Farmers Exch., Cal.	84,912,690	82,202,122
Truck Exch.	16,418,447	15,611,265
Total	101,331,137	97,813,387
Lumb. Mut. Cas.	65,937,295	66,487,496
Amer. Motorists	18,551,807	16,721,134
Excess	1,596,981	1,596,981
Amer. Motorists Fire	341,829	341,829
Fed. Mut.	469,622	462,968
Total	84,958,724	85,010,408
Hardw. Mut. Cas.	34,522,273	32,161,721
Hardw. Dir. M. Fire	1,396,639	1,472,454
Total	35,918,912	33,634,175
Amer. Mut. Liab.	15,438,445	15,048,972
Allied Am. Mu. Fire	4,278,077	4,356,824
Am. Policyholders	1,690,202	1,759,399
Total	21,406,724	21,165,195
Natl. Grange Mut.	11,855,035	11,715,927
Peerless Cas.	6,718,051	6,564,855
Natl. Grange Fire	629,438	629,438
Total	18,177,767	18,910,220
Utica Mutual	17,416,323	16,032,834
Allied Fire	250,232	277,536
Total	17,666,555	16,310,370
Northwest Cas.	15,809,661	14,588,648
N. W. Mu. Fire, Wis.	172,324	116,468
Total	15,981,985	14,705,116
Fac. Mut. Liab.	13,995,765	12,785,706
Auto Mutual	1,564,242	1,511,325
Total	15,560,007	14,297,031
Empl. Mut. Liab.	11,877,243	11,468,797
Empl. Mut. Fire	2,702,347	2,805,400
Total	14,579,590	14,274,197
Pa. Thr. M. C.	11,251,982	10,050,248
Pa. Thr. & Farners	1,764,959	1,620,706
Total	13,016,941	12,770,954
Fidelity Mutual	3,788,676	3,736,472
Ind. Lumb. Mut.	5,838,796	4,631,018
Total	9,627,472	8,367,490
Celina Mut. Cas.	5,581,743	4,832,345
Natl. Mut. O.	1,437	130
Total	5,583,180	4,832,475
Cas. Recip. Exch.	3,317,858	3,844,680
Equity Mutual	1,646,389	1,599,714
Total	4,964,247	5,444,394
Atlantic Mut. N. Y.	3,942,418	3,640,876
Centennial	202,124	174,443
Total	4,144,542	3,815,319
Central Mut. O.	3,269,037	3,568,948
Mut. Fire, Me.	76,626	76,515
Total	3,345,663	3,645,463
Un. Auto Ind., Ill.	2,838,992	2,679,700
Prairie State Farm	336,281	331,202
Total	3,175,273	3,010,902
Southland Lloyds	139,699	54,381
Internat'l Lloyds	137,562	178,983
Total	277,261	333,364

Stresses Need for More Driver Education

Educational forces must be utilized to bring about the safe operation of automobiles, Marland K. Strasser, accident prevention specialist for Assn. of Casualty & Surety companies, told the Pasadena, Cal., Assn. of Insurance Agents. He outlined the rapid development of high school driver education during the past 10 years and emphasized that agents should give greater emphasis to the subject in the future.

Stock Fire Insurers' Gain Is \$29 Million

Despite widespread rate decreases on physical damage coverages last year, the stock companies restricting their writings to that classification had an aggregate increase in premiums of \$29,160,696, and the total earned premiums for PHD only writers was

Service Fire and Service Casualty comprise another group in the top 10. Service Fire is still in second place, having a 5.7% increase, while Service Casualty had a decrease in premiums of \$5 million, and dropped from seventh to tenth. As a group, the companies

TEN LEADERS IN STOCK FIRE FIELD

	1954 Earned Prem.	1953 Earned Prem.	% of Incr.	1952 Earned Prem.	1951 Earned Prem.	1950 Earned Prem.
1. General Exchange	135,285,941	117,074,727	15.5	98,012,557	94,472,445	80,528,254
2. Service Fire	44,647,304	42,239,168	5.7	40,437,373	38,947,954	34,354,397
3. Hartford Fire	35,590,038	35,933,970	.....	33,819,333	30,032,417	27,607,154
4. Calvert Fire	34,888,091	39,982,716	.....	37,239,393	33,630,389	28,979,571
5. Motors	33,100,818	28,225,651	17.2	25,534,965	29,510,930	25,933,244
6. Emmco	24,755,538	21,553,040	13.5	19,566,218	16,151,007	13,849,900
7. Automobile	24,023,325	23,755,244	1.1	21,829,670	19,607,538	18,255,110
8. Home	19,416,540	20,297,818	.....	21,441,119	21,471,937	18,479,342
9. Allstate Fire	17,040,493	12,336,328	38.1	11,162,471	8,710,267	5,523,821
10. Service Casualty	16,567,100	21,553,049	.....	23,995,314	20,483,647	17,720,621

\$633,970,442. Losses amounted to \$274,824,535, and the loss ratio was 43.5%.

More than half the total in the PHD class is done by the 10 top companies. Their premiums were \$245,035,

Show Ratios of Law Suits Outstanding to Auto Liability Premiums Earned in 1952-54

The ratios of suits outstanding to earned automobile liability premiums country-wide for companies licensed in Illinois are shown in the following exhibit. The information is taken from the 1954 annual statements filed with the Illinois department. In the first column is shown the total of automobile liability premiums earned during the three-year period 1952-1954. Column two shows the number of suits outstanding at Dec. 31, 1954, in connection with policies for which the premium was earned in the three-year period; in column three is the number of suits per \$100,000 of earned premiums.

	Premiums Earned 1952-54	Suits Outstanding Dec. 31, 1954	Suits per \$100,000 of Earned Premiums
Acc. & Cas.	4,215,716	225	5.3
Aetna Casualty	106,202,716	4,554	4.2
Aetna Fire	28,091,924	2,192	7.8
Alliance Assur.	828,455	73	8.8
Allied Am. Mut. Fire	1,594,948	94	5.8
Allied Mut. Cas.	4,467,977	101	2.2
Allstate	188,842,529	12,803	6.7
Amer. Auto	54,543,396	1,262	2.3
Amer. Cas. Gp.	17,566,417	940	5.3
Amer. Employers	16,505,604	1,016	6.1
Amer. Fid. & Cas.	37,489,039	1,817	4.8
Amer. Fid. Fire	3,049,629	194	6.3
Amer. Guarantee	5,263,762	475	9.0
Amer. Home Assur.*	418,209	63	15.0
Amer. Indem.	4,420,307	174	3.9
American, N. J.	18,040,283	1,126	6.2
Amer. Motorists	25,494,271	1,401	5.4
Amer. Mut. Liab.	23,406,796	2,384	10.1
Amer. Natl. Fire	8,841,453	318	3.5
American Policyholders	1,877,780	439	23.3
Amer. States	12,000,750	99	.8
Amer. Surety	33,476,335	197	.8
Anchor Casualty	6,714,031	242	3.6
Anchor Indemnity	242,667	13	5.2
Assoc. Indemnity	487,928	10	2.0
Assur. of America*	52,277	8	15.3
Atlantic Texas	1,107,613	36	3.2
Atlantic Mutual	5,530,010	250	4.5
Auto Club, Mo.	4,868,727	95	1.9
Auto-Owners	10,229,507	337	3.2
Badger Mutual	726,293	19	2.6
Beacon Mut. Indem.	2,424,693	91	3.7
Birmingham Fire, Pa.	333,965	16	4.7
Bituminous Cas.	4,287,730	155	3.6
Boston	5,344,076	410	7.6
Buckeye Union Cas.	2,472,231	37	1.4
Canadian Indem.	232,871	6	2.5
Capitol Indemnity	985,548	25	2.5
Car & General	4,466,987	357	8.0
Carolina Cas.	4,581,473	239	5.2
Cas. Recip. Ex.	4,762,063	283	5.9
Centennial	273,276	16	5.8
Central National	1,266,022	43	3.3
Central Surety	7,334,178	265	3.6
Century Indem.	28,091,924	2,192	7.8
Chicago Ice Prod.	178,471	38	21.2
Citizens Casualty	3,285,483	175	5.3
Coal Operators Cas.	250,504	8	3.1
Columbia Cas.	6,328,080	420	6.6
Commerce	28,987,690	1,968	6.7
Commercial, N. J.	23,031,931	3,215	13.9
Comm. Standrd	5,297,038	155	2.9
Conn. Fire	2,926,780	115	3.9
Conn. Indemnity	7,551,177	439	5.8
Consolidated Unds.	5,512,975	150	4.2
Country Mut. Cas.	7,599,840	802	10.5
Continental Cas.	40,165,882	1,550	3.8
Detroit F. & M.	8,841,453	318	3.5
Dubuque F. & M.	245,250	19	7.7
Eagle Fire	1,645,754	164	9.9
Eagle Star	103,234	17	16.4
Economy F. & C.	2,809,539	80	2.8
Electric Mut. Liab.	630,749	49	7.7
Employers Casualty	8,750,388	324	3.7
Employers Fire	2,668,228	12	4.5
Employers Liability	35,490,559	2,445	6.8
Employers Mut. Cas.	13,984,312	310	2.2
Employers Mut. Liab.	16,654,752	654	3.9
Equity Mutual	1,906,569	84	4.4
Equitable F. & M.	2,926,780	115	3.9
Exchange Ins. Co.	188,360	38	19.1
Exchange Assn.	2,499,854	389	15.5
Factory Mut. Liab.	18,624,364	2,068	11.0
Fmrs. Auto, Ill.	2,431,767	83	3.4
Fmrs. Elevator Mut. Cas.	60,463	1	1.6
Fmrs. Exchange, Cal.	76,932,235	2,353	3.0
Fmrs. Mut. Auto, Wis.	22,047,606	928	4.2
Fmrs. Mut. Hall, Ia.	2,131,427	50	2.3
Federal	12,196,727	1,002	8.2
Fed. Mut. Imp. & Hdw.	6,256,216	135	2.1
Fidelity & Casualty	95,336,918	7,946	8.3
Fidelity Mutual	3,170,775	137	4.3
Fire Association	3,272,778	321	9.8
Fireman's Fund Gp.	35,399,163	1,478	4.1
Firemen's, N. J.	26,331,125	1,256	4.7
Franklin Natl., N. Y.	16,479,461	959	5.8
Freeport Ins. Co.	3,429,729	80	2.3
General Accident	56,624,442	3,482	6.1
General Cas. Wash.	35,697,403	1,109	3.1
General Cas. Wis.	8,495,200	280	3.3
General Fire & Cas.	12,488,546	1,861	14.9
Girard	26,331,125	1,256	4.7
Glens Falls Gp.	28,987,690	1,550	5.3
Govt. Employers	18,273,021	1,184	6.4
Grain Dealers Mut.	2,322,450	60	2.5
Great American	8,841,453	318	3.5
Great Amer. Indem.	32,413,541	1,989	6.1
Gulf	5,537,102	226	4.0
Hanover	32,446	0	0
Hardware Mut. Cas.	40,455,294	2,080	5.1

	Premiums Earned 1952-54	Suits Outstanding Dec. 31, 1954	Suits per \$100,000 of Earned Premiums
Hardware Mut., Minn.	10,853,110	644	5.9
Hartford Accident	136,073,670	6,336	4.6
Hawkeye-Security	2,718,814	126	4.6
Highway Unds.	2,291,871	60	2.6
Home F. & M., Cal.	35,389,163	1,478	4.1
Home Indemnity	32,385,161	2,341	7.2
Hoosier Casualty	2,098,393	105	5.0
Houston F. & C.	3,380,467	203	6.0
Ideal Mutual	2,200,541	209	9.5
Ind. Lumbermen's Mut.	4,785,596	198	4.1
Illinois Natl. Cas.	3,986,015	252	6.3
Indemnity of N. A.	46,936,859	3,945	8.0
Inland Mutual	2,117,061	106	5.0
Inter-Ins. Exchange	7,429,703	278	3.7
Interstate F. & C.	64,395	4	6.2
Ins. Co. of N. A.	6,407,446	445	6.9
Ia. Hardware Mut.	535,579	31	3.9
Ia. Mutual	3,024,508	93	3.1
Ia. National Mut.	9,936,019	412	4.1
Kan. City F. & M.	563,228	32	5.6
Ja. Sallie Casualty	212,119	16	7.5
Liberty Mutual	91,868,172	7,757	8.4
Lincoln Cas.*	481,641	53	11.0
London Guarantee	13,747,318	1,002	7.2
London & Lanc. Ind.	8,347,879	524	6.2
Lumbermen's Mut. Cas.	94,069,871	5,988	6.3
Madison Co. Mut., Ill.	499,722	32	6.4
Mfrs. Casualty	11,738,577	465	3.9
Mfrs. & Merch. Indem.	5,904,248	141	4.6
Mfrs. & Whislers. Ind.	933,673	23	2.4
Marine	828,455	73	8.8
Market Mens Mut.	416,352	8	1.9
Maryland Casualty	52,756,529	2,532	4.7
Mass. Bonding	26,529,352	2,899	10.9
Mass. F. & M.	8,841,453	318	3.5
Mechanics & Traders	16,479,461	959	5.8
Merchants Indem.	8,185,517	177	2.1
Metro. Inter Ins. Exch.	2,022,964	176	8.7
Metropolitan Cas.	6,002,190	197	3.2
MFA Mut., Mo.	4,159,473	402	9.6
Michigan Fire & Marine	17,511,193	698	3.9
Michigan Mut. Liab.			

	Premiums Earned 1952-54	Suits Outstanding Dec. 31, 1954	Suits per \$100,000 of Earned Premiums
Michigan Surety	2,307,318	39	1.7
Millers Mut. Fire, Tex.	2,264,803	55	2.4
Millers Mut., Ill.*	285,737	5	1.7
Mill Owners Mut., Ia.	588,066	68	11.5
Millwaukee	26,331,125	1,256	4.7
Minn. Mut. Fire & Cas.	1,083,821	26	2.3
Motor Vehicle Cas.	3,129,755	76	2.4
National Auto. & Cas.	7,091,293	436	6.1
National Cas.	730,955	93	12.7
Natl. Ben Franklin	26,331,125	1,256	4.7
Natl Farmers Un. P.&C.	3,322,919	0	5.8
National Fire Group	16,479,461	959	5.8
National Grange	4,463,259	1,099	24.6
National Indem.	1,924,565	183	9.5
National Surety	12,178,894	526	4.3
National Union Fire	2,639,182	126	4.4
National Unds.	60,515	2	3.3
National Union Indem.	751,553	9	1.1
New Amsterdam Cas.	37,888,295	395	1.0
New England	4,159,473	402	9.6
North Eastern	1,873,393	223	11.9
Northern, N. Y.*	656,204	109	16.6
North River	891,053	32	3.5
Northwest Cas.	14,895,058	495	3.3
Northwestern Natl. Cas.	9,701,159	381	3.9
Norwich Union Fire	1,645,754	164	9.9
Ocean Accident	9,513,663	462	4.8
Ohio Casualty	35,706,091	735	2.0
Ohio Fmrs. Indem.	13,340,122	472	3.5
Old Colony	2,290,318	205	8.9
Pacific Employers	7,283,334	256	3.5
Pacific Indem.	17,060,156	624	3.6
Peerless Casualty	9,112,936	230	2.5
Philadelphia F. & M.	772,269	68	8.8
Phoenix	2,926,780	115	3.9
Phoenix Indem.	9,165,282	667	7.2
Potomac	55,538,846	3,093	5.5
Prairie State Fmrs.	306,634	12	3.9
Preferred Mich.	3,405,196	108	3.1
Preferred Risk Mut.	2,513,258	69	2.7
Provident Fire	182,647	15	8.2
Prov. Wash.	3,232,543	326	10.0
Prov. Wash. Indem.	2,084,384	255	12.2
Prudence Mut. Cas.	8,030,537	26	4.1
Public Natl., Fla.	1,365,584	103	7.4
Reliance	818,194	81	9.9
Reserve	163,929	25	15.2
Rochester Amer., N. Y.	8,841,453	318	3.5
Royal Exchange	273,971	23	8.3

	Premiums Earned 1952-54	Suits Outstanding Dec. 31, 1954	Suits per \$100,000 of Earned Premiums
Royal-Liverpool Gp.	92,401,235	5,731	6.2
St. Paul Merc.-Indem.	31,387,639	1,122	3.5
Sea	414,227	36	8.6
Seaboard Surety	243,204	8	3.2
Secured	622,884	14	2.2
Security Mutual Cas.	8,410,463	94	1.1
Security, New Haven	7,551,177	439	5.8
Shelby Mutual	11,905,867	584	4.9
Springfield F. & M.	4,159,473	402	9.6
Standard Accident	55,538,846	3,093	5.5
Standard, Okla.	1,385,274	14	1.0
Standard Mut. Cas.	638,385	31	4.8
Standard, N. Y.	28,091,924	2,192	7.8
State Auto, Ia.	6,365,033	112	1.7
State Auto, Ind.	8,449,602	448	5.3
State Farm Mut. Auto	174,123,344	4,793	2.7
Suburban Casualty	1,284,583	69	5.2
Sun Indemnity	4,457,205	551	12.3
Transcontinental	16,479,461	959	5.8
Transit Casualty	9,770,002	557	5.7
Transport Indem.	7,810,441	314	4.0
Travelers, Tex.	2,646,614	120	4.5
Travelers Indem.	25,904,691	989	3.7
Trinity-Universal	7,835,804	254	3.2
Truck Exchange	17,669,909	542	3.0
Union Auto Indem.	2,405,155	77	3.2
United Benefit Fire	1,346,499	36	2.6
United F. & C.	1,191,547	30	2.5
United Natl. Indem.	16,479,461	959	5.8
United Pacific	8,480,649	137	1.6
U. S. Casualty	18,569,867	1,367	7.3
U. S. F. & G.	97,423,807	4,189	4.2
U. S. Fire	1,830,321	112	6.1
Universal Indem.	1,278,680	176	13.7
Univ. Mut. Cas.	709,275	63	8.8
Univ. Unds., Mo.	2,653,188	253	9.5
Utica Mut.	26,005,176	2,007	7.7
Vanguard	835,753	29	3.4
Vernon Casualty	956,025	33	3.4
Vigilant	818,230	76	7.6
Virginia Surety	2,592,825	161	6.2
Western Cas. & Surety	16,665,555	591	3.5
Western States Mut.	1,202,252	44	3.6
Western Millers	203,840	10	4.9
Wolverine	4,592,646	153	3.3
World F. & M.	28,091,924	2,192	7.8
Yorkshire	4,782,226	401	8.3
Zurich	30,958,780	2,058	6.6

*Two years only
**1954 only

The MARKET For PUBLIC LIABILITY AND PROPERTY DAMAGE for

Manufacturers-Contractors
Owners-Landlords-Tenants
Elevators
Blasting Operators
Building Wreckers
Exterminators
Products Liability
Tree Surgeons
Dram Shop Liability

Hospitals-Rest Homes
Beauty Shop Malpractice
Physicians Malpractice
Dentists Malpractice
Sporting Events
Amusements Parks
Traveling Carnivals
Roller Skating Rinks

Rodeos
Shooting Galleries
Fireworks Exhibitions
Auto Racing
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Livery Cars
U-Drive-It Cars
Motor Busses

Motor Bikes
Motorcycles
Local Trucks
Long Haul Trucks
Bob-Tail-Dead Heading

Butane-Propane Haulers
Gasoline Haulers
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Unusual Problem? Usual Answer

KURT HITKE & COMPANY, INC.

General INSURANCE Agents

175

Stock Full Cover Insurers Write \$2.2 Billion in Premiums in 1954

Earned premiums of stock companies writing full coverage automobile insurance—bodily injury liability, property damage liability and physical damage—were \$2,236,404,973 last year, an increase of \$131,598,453. The rate of increase was considerably below that of 1953, indicating that the tremendous surge of business that took place following the war is over and that increases in the future will not be so easy to come by, especially as rates tend to become adjusted more closely. Competition will be moving in as the main factor in the progress of individual companies. There will be no more help from financial responsibility laws and their attendant publicity.

Losses for the stock full cover companies were \$1,073,865,262, an increase of nearly \$70 million. The loss ratio for 1954 was 47.4%, an improvement of three points as compared with 1953.

The first 10 companies in the stock full cover field wrote \$753,171,968 in

TEN LEADERS IN STOCK FULL COVER FIELD

	1954 Earned Premiums	1953 Earned Premiums	% of Inc.	1952 Earned Premiums	1951 Earned Premiums	1950 Earned Premiums
1. Allstate	171,945,640	131,794,816	30.4	89,231,956	67,568,495	49,641,875
2. Travelers Indem.	88,802,470	82,779,874	7.2	67,854,002	56,550,502	50,124,914
3. U. S. F. & G.	85,478,790	82,172,005	8.0	72,034,804	64,665,834	41,920,086
4. Hartford Acc.	84,714,481	83,009,750	2.5	73,749,247	63,945,087	56,098,865
5. Travelers	80,781,470	73,694,913	9.6	59,732,001	47,024,889	41,615,078
6. Aetna Casualty	67,231,447	62,683,246	7.2	51,041,244	42,503,043	39,989,474
7. Fidelity & Cas.	60,569,948	58,511,622	3.5	46,068,413	35,663,998	32,450,700
8. Maryland Cas.	39,117,046	34,549,417	13.2	30,419,928	30,775,092	25,919,029
9. General Acc.	38,357,235	35,492,015	8.0	29,967,314	25,680,199	23,138,226
10. American Auto	36,173,432	34,931,699	3.5	30,569,154	29,665,688	27,029,323

premiums, or 34.8% of the total. This compares with 32.3% of the total of 1953, with the greatest part of the increase being attributable to the gain of Allstate.

The amounts and percentages of gains for the leading companies last year were down without exception. However, Allstate continued its tremendous rate of premium writing, putting on an additional \$40 million, a 30.4% gain. This company has be-

come the largest writer in the country on the basis of direct premiums written, and is a strong second on earned premiums.

Allstate is writing double the business of its nearest rival, Travelers Indemnity, which has moved up from third to second place, replacing Hartford Accident. Travelers Indemnity had a 7.2% increase in premiums and now is writing at the rate of nearly \$89 million. U. S. F. & G. is in third

place, moving up also to follow Travelers Indemnity. It had an 8% increase to total \$85½ million in premiums. Hartford Accident dropped from second to fourth position despite an increase in premiums of \$1,700,000, or 2.5%. This was not enough to meet the pressure from Travelers Indemnity and U. S. F. & G.

Travelers remains in fifth place with a 9½% increase. Its business is now at the \$80 million mark. Aetna Casualty also retains its sixth place position, with a 7% increase in premiums, and Fidelity & Casualty stays in seventh place with a 3½% increase.

Maryland Casualty, which last year was in 10th spot, moves up to eighth on the basis of a 13% increase, the second best percentage gain in the big 10, and is now at \$40 million.

General Accident drops one notch, despite an 8% gain in business and is now in ninth place, and American Auto is the last company of the big ten with \$36 million in premiums.

Experience of STOCK FULL COVER Insurers on 1954 Auto Writings

1954										1953										
Total										Total										
Prem. Earned										Prem. Earned										
Losses Incurred										Losses Incurred										
Ratio										Ratio										
Inc. or Dec.										Inc. or Dec.										
000 Omitted										000 Omitted										
PDL PHD										PDL PHD										
1953 1954										1953 1954										
Ratio										Ratio										
Loss										Loss										
%										%										
Accident & Cas.	3,686,042	1,761,748	47.7	3,306,167	1,725	1,055	904	3,379,875	47.5	Ctzn. Cas., New York	1,990,125	930,975	46.7	1,241	606	142				
Aetna Cas.	67,231,447	33,259,636	49.4	4,548,201	44,381	22,849		62,683,246	50.0	Ctzn. Home, S. C.	96,877	61,409	63.3	44,936		95	141,813	64.2		
Aetna Fire	20,703,421	10,465,473	50.5	1,884,122	7,963	3,913	8,826	18,819,122	53.7	Civil Serv., Cal.	3,371,112	1,526,099	45.1	604,078	1,384	686	2,767,034	49.0		
Agricul. Ind. Wyo.	147,215	59,260	40.2							Coal Operators Cas.	464,903	185,970	39.8	207,171	140	97	226	257,732	72.6	
All Amer. D. C.	260,520	97,601	37.5	60,302	93	53		200,218	48.7	Colonial	1,996,626	1,274,276	63.8	486,611	1,025	596	373	2,483,237	73.4	
Alliance, Eng.	1,229,723	552,400	45.2	8,833	356	180	712	1,220,840	49.4	Colorado	163,756	92,980	56.9		2	4	156			
Allstate	171,945,640	85,351,989	49.5	40,150,824	91,194	43,113	37,638	131,794,816	50.6	Columbia Cas.	3,905,405	1,747,073	44.6	41,355	2,547	1,355	2	3,864,050	47.3	
Am. & For.	3,249,728	1,665,973	51.2	294,844	1,498	754	996	2,954,884	50.3	Commerce	2,702,719	1,255,906	47.4	74,899	1,190	596	913	2,777,618	49.3	
Amer. Auto	36,173,432	15,848,280	43.7	1,241,733	22,001	12,749	1,422	34,931,699	42.3	Commercial	16,578,529	9,279,438	55.9	897,796	9,226	4,509	2,843	15,681,733	62.0	
Am. Av. & Gen.	3,686,044	1,798,472	48.6	164,078	1,725	1,055	904	3,521,966	43.5	Coml. Stand.	5,054,940	2,296,919	45.3	266,538	1,999	1,203	1,851	5,321,478	45.2	
Amer. Cas.	11,672,473	5,695,160	49.0	1,111,650	5,464	3,342	2,864	10,560,822	50.1	Coml. Un., Eng.	2,120,565	844,920	39.8	66,855		38	2,052,710	43.5		
Amer. Central	1,084,294	438,503	40.5	34,473		19	1,064	1,049,821	43.5	Coml. Un., N. Y.	528,215	210,563	39.7	16,759		9	518	511,456	43.1	
Amer. Employers	11,744,150	4,970,116	42.4	651,683	6,614	3,621	1,508	11,092,467	48.4	Conn. Indem.	4,159,918	1,852,105	44.5	77,430	2,263	1,175	720	4,237,348	49.0	
Amer. Fid. & Cas.	22,571,031	12,315,751	54.6	1,719,082	14,265	6,422	1,883	20,851,949	58.4	Conn. Fire	3,457,140	2,937,519	84.9	2,388,218	393	219	2,844	5,845,358	56.4	
Am. Fidelity Fire	6,291,571	2,879,679	45.9	1,627,713	1,104	477	4,709	4,683,858	57.0	Indust. Iowa	5,185,900	2,284,617	44.0	1,199,266		5,185	6,385,166	56.2		
Am. Fidelity, Vt.	2,537,090	1,381,352	54.5	490,402	1,663	857	13	2,046,688	50.5	Manhattan Cas.	2,422,361	2,067,319	85.3	1,723,858	1,874	544	3	4,146,219	86.9	
Amer. F. & C. Fla.	2,718,761	1,285,939	47.2	664,226	916	875	926	2,054,536	48.1	Pacific, Hawaii	863,864	390,805	45.2	38,747	77	28	577	825,117	50.8	
Am. Gen., Minn.	515,409	182,186	35.3	240,618	64	35	415	271,181	36.4	State of Pa.	31,536,591	16,652,926	52.6	3,641,533	16,763	8,902	5,870	27,895,356	57.9	
Am. Gen. Tex.	4,070,469	1,469,545	36.1	51,872	1,550	859	1,659	4,152,341	48.3	Continental Cas.	378,964	228,309	59.7	418,685	129	80	169	797,649	60.3	
Am. Guar.	3,155,106	1,536,918	48.5	2,548,471	1,755	897	501	5,703,577	55.6	'Dealers Nat'l. Tex.	249,725	79,449	31.8	418,685	129	80	169	797,649	60.3	
Amer. Home	2,744,621	1,249,411	45.2	1,226,347	311	113	2,320	618,274	50.0	Delta F. & C., La.	270,722	119,519	44.1			106	52	112	262,267	33.5
Amer. Indem., Tex.	4,717,050	2,113,740	44.7	552,284	1,929	1,248	1,538	4,164,966	49.2	Detroit F. & M.	1,004,457	457,882	45.5	34,039	221	112	670	970,418	47.8	
Amer. Liberty	278,657	70,324	25.2	202,015	4	3	270	480,672	50.0	Dixie F. & C.	900,116	406,138	45.1	493,978	336	229	334	672,676	44.5	
Amer. Motorists	18,551,807	7,414,715	39.9	1,830,673	10,479	4,813	3,259	16,721,134	43.6	Dub. F. & M.	407,868	195,879	47.9	102,497	133	80	193	305,371	39.8	
Amer. Natl.	1,004,457	457,882	45.5	228,123	21	112	670	776,334	48.0	Eagle Fire, N. Y.	723,966	316,734	43.7	82,325	272	125	325	806,311	37.8	
Am., N. J.	22,197,057	12,185,623	54.8	157,135	7,304	4,079	10,813	21,599,322	49.5	Eagle Star	162,112	95,351	58.8			55	38	68		
Am. Policyholders	1,690,202	885,170	52.3	69,197	692	399	598	1,739,399	45.0	Econ. F. & C., Ill.	3,877,605	1,567,023	40.3	422,389	1,382	848	1,646	3,455,216	41.5	
American Re.	5,555,929	2,938,203	50.1	4,982	840	33				Ed. Auto, Tex.	229,727	90,382	39.4			54	39	134		
Am. Stand., Colo.	90,168	30,303	33.6							Employ Cas., Tex.	8,577,379	3,942,553	45.9	600,713	3,302	2,087	2,786	7,976,666	41.1	
Amer. States	16,917,233	6,955,403	41.1	3,709,766	5,752	4,364	6,780	13,207,472	46.0	Employers Fire	4,516,439	1,690,238	37.4	614,471	201	121	4,193	5,130,910	37.6	
Amer. Surety	17,463,420	7,950,882	45.6	1,280,628	8,785	4,692	3,685	18,444,043	49.5	Employers, Ala.	1,262,333	343,792	27.2	159,027	520	314	428	1,421,360	26.9	
Am. Title	109,701	51,225	37.5	251,473	27	25	48	361,179	52.1	Employers Liab.	23,071,017	11,038,240	47.8	571,678	17,772	7,294	2,004	22,499,339	45.0	
Am. Univ., R. I.	1,124,445	530,745	47.3	39,884	245	92	786	1,164,429	51.8	Employers Re.	6,988,244	3,761,737	53.8	1,566,609	6,172	616	199	5,421,633	54.4	
Anchor Cas.	5,534,708	2,391,927	43.2	162,122	2,557	1,463	1,513	5,696,830	44.5	Equit. F. & M.	1,172,749	587,502	50.0	3,678	130	74	968	1,169,071	58.6	
Arx Indem.	163,996	74,573	45.7	38,941	106	57		125,937	48.0	Equity Gen., Fla.	24,762	10,429	42.1	6,398	7	4	12	18,364	43.2	
Assoc. Indem.	315,165	80,503	25.5	14,146	200	96	18	329,011	42.0	Estate, Cal.	124,303	80,613	64.8			40	23	60		
Assurance, N. Y.	1,392,959	1,269,214	90.6	123,745	49	28	1,134	1,269,214	49.9	Eureka Cas.	2,875,238	1,279,708	44.2	101,256	1,394	990	490	2,978,494	45.9	
Atlantic Cas.	4,547,962	1,356,847	29.7	19,750	1,985	1,149	1,412	4,528,212	45.3	Excel	1,045,504	363,501	34.8	2,890,345		1,045	3,935,849	63.3		
Atlantic Natl., Fla.	94,739	7,612	80.3							Exchange, Ill.	270,257	149,997	55.5			2	7	2		
Atlantic, Tex.	1,140,537	452,555	39.6	123,133	482	341	316	1,017,404	47.0	Federal	18,038,451	8,109,906	45.0	189,476	5,243	2,377	10,418	17,848,975	49.1	
Audubon, La.	1,122,938	367,189	56.8	284,716	138	64	919	1,407,654	67.4	Fidelity & Cas.	60,569,948	33,064,616	54.5	2,058,326	40,701	19,868		58,511,622	57.9	
Auto Club, Ohio	537,216	218,716	40.5	33,250	144	145	247	503,966	43.8	Financial Ind.	3,177,321	1,059,263	33.3	518,933	494	327	2,355	2,658,388	38.2	
Balaise Marine	8,414	2,969	35.2							Fire Assn.	7,277,373	3,612,295	49.6	420,602	1,538	811	4,927	6,856,771	49.4	
Bankers F. & M.	1,147,342	600,318	52.6	178,148	14	8	1,124	969,194	63.6	Fireman's Fund	26,990,742	11,850,109	43.8	15,708,186	10,153	5,065	11,772	11,282,556	54.9	
Bankers, Ark.	37,111	16,846	45.2	70,558			36	107,669	55.2	Fireman's Fd. Ind.	5,783,730	2,539,308	43.7	16,764,306	2,175	1,085	2,522	22,548,038	28.8	
Birmingham, Ala.	169,338	109,338	64.6	70,836			12	206	268,950	72.1	Firemen's, N. J.	2,111,596	1,048,421	49.5	451,008	7,840	4,337	8,940	20,667,588	53.5
Bir'ham, Ala.	648,100	302,803	46.6	58,014	148	95	404	706,114	62.1	Founders, Cal.	1,647,283	619,366	37.7	160,654	688	335	623	1,486,629	35.1	
Bituminous Cas.	3,506,095	1,659,406	47.1	245,182	1,701	1,033	771	3,751,277	48.7	Frankl. Cas., Okla.	231,559	90,994	39.3	12,512	49	30	152	219,047	40.2	
Blue Ridge, N. C.	1,835,724	863,301	47.1	300,151	300	186	134	1,535,573	56.7	Franklin Nat'l.	1,190,670	603,620	50.5	603,620	303	206	606	1,047,492	51.1	
Boston	8,220,604	4,011,367	48.7	52,709	2,524	1,315	4,380	3,167,895	51.9	Freeport	4,225,130	1,981,915	47.0	500,584	1,730	1,021	2,021	3,027,076	35.7	
Brit. Am.	271,137	119,314	44.0	51,929	57	30	183	219,208	45.6	General Acc.	38,357,235	17,927,656	46.7	2,865,220	21,761	11,333	5,262	35,492,015	45.9	
Brit. & For.	1,982,068	1,020,341	51.5	242,408	827	467	587	1,739,600	50.8	Gen. Bonding	1,461,561	683,729	46.7	115,984	354	228	878	1,345,577	58.6	
British Gen.	158,706	63,311	40.0	5,046			2	155	153,660	43.4	Gen. Cas., Wash.	22,799,003	9,301,741	40.9	503,119	14,699	8,094	4	22,295,834	46.5
Buckeye Un. Cas.	15,134,766	6,949,146	45.9	2,314,854	5,537	4,372	5,224	12,819,912	52.2	General Cas., Wis.	7,741,899	3,428,821	44.1	154,464	3,420	1,761	2,559	7,587,435	49.3	
Cal. Compensation	3,012,548	1,280,180	42.4	451,321	1,223	715	1,072	2,561,227	42.6	Gen. F. & C.	8,236,728	5,415,792	65.7	123,800	6,415	1,778	42	8,112,928	62.6	
Cal. Farm	3,987,908	1,895,795	47.5	535,507	1,377	813	1,796	3,452,401	55.9	Gen. Guar., Fla.	287,833	111,036	38.5			123	85	78		
California	661,134	263,713	39.7	21,019	41	12	649	640,115	43.2	General, Tex.	1,757,304	738,836	42.1	549,785	174	428	814	1,207,519	45.1	
Camden Fire	2,491,467	1,154,934	46.3	30,816	41	21	2,428	2,460,651	43.1	General Reins.	9,550,368	3,684,810	38.3	1,428,386	6,825	2,245	478	8,121,		

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45.2

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56.2

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50.8
37.9

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1954										1953									
Total					BI					PDL					PHD				
Prem.	Losses	Ratio			Prem.	Losses	Ratio			Prem.	Losses	Ratio			Prem.	Losses	Ratio		
Earned	Incurred	%	Inc.	Dec.	Earned	Incurred	%	Inc.	Dec.	Earned	Incurred	%	Inc.	Dec.	Earned	Incurred	%	Inc.	Dec.
2,485,205	1,241,978	50.0			48,692	927	553	1,003		2,436,573	1,241,978	51.1			2,436,573	1,241,978	51.1		
84,714,481	43,895,129	51.7	1,704,731	55,051	28,902	760	83,009,750	43,895,129	51.7	84,714,481	43,895,129	51.7	1,704,731	55,051	28,902	760	83,009,750	43,895,129	51.7
2,958,839	1,215,991	41.0	-99,674	1,032	755	1,170	3,058,513	1,215,991	39.9	2,958,839	1,215,991	41.0	-99,674	1,032	755	1,170	3,058,513	1,215,991	39.9
773,636	337,698	69.4	153,891	367	214	191	619,745	337,698	69.4	773,636	337,698	69.4	153,891	367	214	191	619,745	337,698	69.4
5,783,730	2,539,380	43.7	2,963,090	2,175	1,085	2,522	2,820,640	2,539,380	44.5	5,783,730	2,539,380	43.7	2,963,090	2,175	1,085	2,522	2,820,640	2,539,380	44.5
872,000	243,648	27.8	7,565	232	203	333	864,435	243,648	28.2	872,000	243,648	27.8	7,565	232	203	333	864,435	243,648	28.2
19,621,621	9,150,687	46.6	-317,524	12,799	6,663	1,156	19,939,145	9,150,687	45.7	19,621,621	9,150,687	46.6	-317,524	12,799	6,663	1,156	19,939,145	9,150,687	45.7
2,551,534	971,371	38.1	38,727	946	748	1,156	2,812,807	971,371	34.5	2,551,534	971,371	38.1	38,727	946	748	1,156	2,812,807	971,371	34.5
662,781	312,327	47.1	1,142,888	1,545	959	1,240	2,637,449	312,327	42.7	662,781	312,327	47.1	1,142,888	1,545	959	1,240	2,637,449	312,327	42.7
3,780,337	1,770,806	46.8	144,551	284	154	892	1,817,211	1,770,806	61.3	3,780,337	1,770,806	46.8	144,551	284	154	892	1,817,211	1,770,806	61.3
1,331,762	695,914	52.1	135,724	1,832	1,059	2,076	5,083,013	695,914	48.2	1,331,762	695,914	52.1	135,724	1,832	1,059	2,076	5,083,013	695,914	48.2
5,218,737	2,539,503	48.5	135,724	1,832	1,059	2,076	5,083,013	2,539,503	48.2	5,218,737	2,539,503	48.5	135,724	1,832	1,059	2,076	5,083,013	2,539,503	48.2
35,253,162	18,941,786	53.6	2,772,961	20,756	11,059	4,386	32,480,201	18,941,786	51.7	35,253,162	18,941,786	53.6	2,772,961	20,756	11,059	4,386	32,480,201	18,941,786	51.7
5,992,474	2,497,311	41.5	488,816	1,798	1,521	2,672	5,503,658	2,497,311	41.9	5,992,474	2,497,311	41.5	488,816	1,798	1,521	2,672	5,503,658	2,497,311	41.9
607,327	400,449	65.9								607,327	400,449	65.9							
5,185,900	2,284,617	44.0	-1,199,266	296	179	414	5,185	6,385,166	2,284,617	56.2	5,185,900	2,284,617	44.0	-1,199,266	296	179	414	5,185	6,385,166
890,139	444,323	49.8	332,394	296	179	414	577,745	444,323	49.8	890,139	444,323	49.8	332,394	296	179	414	577,745	444,323	49.8
15,871,779	7,143,966	45.1	784,310	2,958	1,274	11,639	15,087,469	7,143,966	45.1	15,871,779	7,143,966	45.1	784,310	2,958	1,274	11,639	15,087,469	7,143,966	45.1
863,863	149,250	17.2								863,863	149,250	17.2							
3,470,441	1,921,517	55.3	1,684,080	1,200	743	1,526	1,786,361	1,921,517	58.0	3,470,441	1,921,517	55.3	1,684,080	1,200	743	1,526	1,786,361	1,921,517	58.0
12,655	21,052	165.6	203,414	9	1	1	216,069	21,052	165.6	12,655	21,052	165.6	203,414	9	1	1	216,069	21,052	165.6
1,365,778	644,660	46.5	207,406	458	310	616	1,178,372	644,660	47.6	1,365,778	644,660	46.5	207,406	458	310	616	1,178,372	644,660	47.6
3,662,210	1,689,563	45.9	741,442	927	675	2,059	2,920,768	1,689,563	49.9	3,662,210	1,689,563	45.9	741,442	927	675	2,059	2,920,768	1,689,563	49.9
107,940	37,653	34.9	-9,828	3	5	88	117,768	37,653	32.0	107,940	37,653	34.9	-9,828	3	5	88	117,768	37,653	32.0
112,075	60,033	53.5								112,075	60,033	53.5							
1,907,429	949,378	49.6	-2,416,080	296	187	1,423	4,323,509	949,378	49.6	1,907,429	949,378	49.6	-2,416,080	296	187	1,423	4,323,509	949,378	49.6
3,520,926	1,693,109	48.0	300,071	264	169	307	3,220,855	1,693,109	48.0	3,520,926	1,693,109	48.0	300,071	264	169	307	3,220,855	1,693,109	48.0
10,744,601	4,697,637	43.7	1,018,082	4,899	2,824	3,926	9,726,519	4,697,637	43.7	10,744,601	4,697,637	43.7	1,018,082	4,899	2,824	3,926	9,726,519	4,697,637	43.7
-4,741	-7,459		-215,009	-4,052	219,748	64.0	219,748	-4,741	-7,459		-215,009	-4,052	219,748	64.0	219,748	-4,741	-7,459		
513,035	92,177	17.9	184,017	224	143	145	329,018	513,035	17.9	513,035	92,177	17.9	184,017	224	143	145	329,018	513,035	17.9
19,048	15,665	82.2								19,048	15,665	82.2							
357,405	217,387	60.8								357,405	217,387	60.8							
846,781	398,921	47.1								846,781	398,921	47.1							
7,195,592	3,679,425	51.0	-541,846	3,281	1,653	2,260	6,653,746	3,679,425	51.0	7,195,592	3,679,425	51.0	-541,846	3,281	1,653	2,260	6,653,746	3,679,425	51.0
5,093,337	2,030,174	39.8	304,205	3,378	1,600	56	7,491,132	2,030,174	39.8	5,093,337	2,030,174	39.8	304,205	3,378	1,600	56	7,491,132	2,030,174	39.8
10,554,056	5,434,754	51.4	360,750	5,460	3,027	2,065	10,183,306	5,434,754	51.4	10,554,056	5,434,754	51.4	360,750	5,460	3,027	2,065	10,183,306	5,434,754	51.4
6,624,618	3,172,048	47.9	103,367	12	20	20	6,728,005	3,172,048	47.9	6,624,618	3,172,048	47.9	103,367	12	20	20	6,728,005	3,172,048	47.9
1,230,424	454,673	36.9	192,283	583	415	231	1,037,141	454,673	36.9	1,230,424	454,673	36.9	192,283	583	415	231	1,037,141	454,673	36.9
2,422,381	1,067,319	43.9	1,723,858	1,674	544	3	4,146,219	1,067,319	43.9	2,422,381	1,067,319	43.9	1,723,858	1,674	544	3	4,146,219	1,067,319	43.9
3,318,186	1,923,452	58.0	-1,002,595	1,137	806	1,374	4,320,781	1,923,452	58.0	3,318,186	1,923,452	58.0	-1,002,595	1,137	806	1,374	4,320,781	1,923,452	58.0
10,015,300	4,933,240	49.2	299,546	4,899	2,824	3,926	9,726,519	4,933,240	49.2	10,015,300	4,933,240	49.2	299,546	4,899	2,824	3,926	9,726,519	4,933,240	49.2
1,229,723	552,405	45.2	8,883	356	160	712	1,220,840	552,405	45.2	1,229,723	552,405	45.2	8,883	356	160	712	1,220,840	552,405	45.2
439,285	280,790	63.9	-19,142	190	103	145	458,427	280,790	63.9	439,285	280,790	63.9	-19,142	190	103	145	458,427	280,790	63.9
39,117,046	19,089,059	48.5	4,567,629	21,602	11,747	5,766	34,549,417	19,089,059	48.5	39,117,046	19,089,059	48.5	4,567,629	21,602	11,747	5,766	34,549,417	19,089,059	48.5
4,360,622	1,951,017	44.7	193,688	275	165	245	4,554,310	1,951,017	44.7	4,360,622	1,951,017	44.7	193,688	275	165	245	4,554,310	1,951,017	44.7
16,128,313	9,260,364	57.4	392,154	10,137	4,913	1,077	15,736,159	9,260,364	57.4	16,128,313	9,260,364	57.4	392,154	10,137	4,913	1,077	15,736,159	9,260,364	57.4
1,004,457	457,862	45.5	34,039	221	112	670	970,418	457,862	45.5	1,004,457	457,862	45.5	34,039	221	112	670	970,418	457,862	45.5
1,198,070	603,162	50.3	31,188	366	206	626	1,067,482	603,162	50.3	1,198,070	603,162	50.3	31,188	366	206	626	1,067,482	603,162	50.3
5,631,059	3,022,048	46.2	579,204	3,489	2,008	1,032	5,951,855	3,022,048	46.2	5,631,059	3,022,048	46.2	579,204	3,489	2,008	1,032	5,951,855	3,022,048	46.2
686,068	321,631	46.8								686,068	321,631	46.8							
15,240,542	8,420,910	55.2	773,289	7,986	4,153	3,099	14,667,253	8,420,910	55.2	15,240,542	8,420,910	55.2	773,289	7,986	4,153	3,099	14,667,253	8,420,910	55.2
680,522	306,947	45.3	3,788	137	66	476	676,734	306,947	45.3	680,522	306,947	45.3	3,788	137	66	476	676,734	306,947	45.3
3,104,068	1,415,578	45.6	433,849	331	659	1,612	2,670,219	1,415,578	45.6	3,104,068	1,415,578	45.6	433,849	331	659	1,612	2,670,219	1,415,578	45.6
1,163,001	553,699	47.6	-9,607	225	156	780	1,172,608	553,699	47.6	1,163,001	553,699	47.6	-9,607	225	156	780	1,172,608	553,699	47.6
4,400,357	185,187	43.0	38,627	115	108	205	4,686,984	185,187	43.0	4,400,357	185,187	43.0	38,627	115	108	205	4,686,984	185,187	43.0
9,988,880	796,734	7.9	-19,796	333	179	355	793,085	796,734	7.9	9,988,880	796,734	7.9	-19,796	333	179	355	793,085	796,734	7.9
3,996,787	1,630,319	40.8	274,904	1,507	956	1,532	3,721,883	1,630,319	40.8	3,996,787	1,630,319	40.8	274,904	1,507	956	1,532	3,721,883	1,630,319	40.8
32,434	19,290	5																	

Mutual Premiums Pass \$1 Billion; State Farm Passes \$200 Million

Total automobile insurance premiums of mutual insurers last year passed \$1 billion for the first time, the amount being \$1,046,145,208, a gain of \$86,700,000. The increase in premiums was about one-half of that produced in 1953, in line with the rest of the automobile business, but the mutual companies had come very close to the \$1 billion mark in the preceding year. Losses at \$509,113,997 produced a loss ratio of 46.7.

For the 13th consecutive year, State Farm Mutual of Bloomington, Ill., was the No. 1 company in the U. S. in earned automobile premiums. At \$201,391,640, the company for the first time passed \$200 million, and it is doing roughly one-fifth of all the business of mutual insurance companies.

State Farm has a lead of \$90 million over the second mutual company, Farm Bureau Mutual of Ohio, and it is \$29 million ahead of Allstate, the leading stock insurer.

At the end of 1954, State Farm was insuring 3,310,000 automobiles, and the company estimates this as 500,000 more than insured by any other company. In 1942, when State Farm first took the lead in automobile insurance, it was insuring 840,000 cars.

Despite a 10% increase in premiums, Farm Bureau of Ohio lost ground to State Farm last year. It retains its second place, as do all other companies on the list with the exception of Farmers Auto of Wisconsin and Michigan Mutual Liability, which traded positions.

The third mutual insurer is Liberty Mutual, with \$69 million in premiums, an increase of 3.4%. Lumbermen's

TEN LEADING MUTUAL COMPANIES

	1954 Earned Premiums \$	1953 Earned Premiums \$	% of Incr.	1952 Earned Premiums \$	1951 Earned Premiums \$	1950 Earned Premiums \$
1. State Farm Mut., Ill.	201,391,636	175,186,182	14.9	132,590,140	108,970,039	95,510,851
2. Farm Bureau, Ohio	111,893,477	101,140,861	10.6	77,179,420	60,987,793	50,620,243
3. Liberty Mutual	69,046,014	66,724,374	3.4	54,758,708	45,333,926	38,781,261
4. Lumb. Mut. Cas.	65,937,295	66,487,496	...	63,201,367	56,331,684	50,077,298
5. Hardware, Wis.	34,522,273	32,161,721	7.3	27,015,329	23,795,957	21,490,871
6. State Auto, Ohio	21,110,134	18,973,528	11.2	15,859,477	13,687,111	12,724,838
7. Farmers Auto, Wis.	20,725,283	17,282,880	19.9	13,095,554	11,234,044	9,893,501
8. Mich. Mut. Liab.	17,626,309	17,713,171	...	15,787,204	13,323,497	11,147,830
9. Utica Mutual	17,416,323	16,032,834	8.6	12,954,050	10,422,079	9,357,571
10. Auto-Owners	16,674,539	15,191,799	9.7	12,381,223	10,818,655	9,102,018

Mutual Casualty had a slight decrease in its automobile premiums, but still is the No. 4 company with \$69,900,000.

Hardware Mutual of Wisconsin is the fifth company at \$34½ million, a 7.3% gain, and State Auto of Ohio had an 11.2% gain and now is writing at the rate of \$21 million a year.

Farmers Auto of Wisconsin increased its auto premiums nearly 20% last year and moved from eighth to seventh position; its premiums went from \$17.2 million to \$20.7 millions. Michigan Mutual Liability, with a drop of about \$90,000 in premiums, is in eighth place and close behind it is Utica Mutual with \$17.4 million, an 8.6% gain.

In last place in the big 10 is Auto-Owners of Lansing, which had a 9.7% gain and had premiums of \$16.6 million.

State Farm Mutual in addition to its \$26 million gain in premiums had excellent underwriting results, producing a net gain of \$25,536,433. The company put in a rate reduction program in 28 states last year which was worth

approximately \$6 million annually in premium savings. A further rate revision is under way for 1955, and the company for the first time is adopting a classification plan for liability and property damage based on the age of the male driver and use of car. This will be a four-class plan and one of the simplest in use.

In conjunction with the class plan, the company is also introducing a "step-down rating plan," which reduces comprehensive and collision rates on older cars. It is estimated that the combination of these plans will produce net premium reductions.

State Farm continues to maintain a strong financial position, winding up 1954 with a surplus of \$105,285,397, an increase of \$23,478,500. Assets at \$287,989,594 were up \$47,815,580.

The State Farm Mutual Auto agency force produced better than \$214 million in written premiums last year and \$207,843,000 of new ordinary life insurance for State Farm Life and \$12,086,000 of fire, EC and crop-hail for State Farm Fire & Casualty. There are 1,031 State Farm Life agents who

paid for \$100,000 or more of life insurance last year, and State Farm Life closed the year with \$837,637,000 of ordinary in force.

State Farm Mutual Auto is promoting its 1955 agency operations with the biggest national advertising campaign in its history. The company had a five-page ad in *Life* magazine in January, the biggest insurance advertisement ever produced. A series of double-page spreads were run all year in *Life*, *Look*, *Town Journal*, and a number of farm magazines, and the company sponsors a network television show featuring Red Barber on NBC.

The advertisement in *Life* magazine projected a growth to six million automobile policyholders by 1960, and the company is expanding its administrative and claim handling facilities to keep pace with increased volume. New branch offices were opened last year at Jacksonville, Fla., Birmingham, and early this year at Santa Ana, Cal., and Murfreesboro, Tenn. Sites are now under study or have been purchased in Pennsylvania, Missouri and Minnesota. Last year the company opened 48 new field claim offices, and the staff of full-time salaried adjusters now is more than 1,000. Last year State Farm settled more than 1,100,000 claims.

The record of State Farm's leadership for 13 years has been achieved without the production of any premiums in New York, New Jersey or any New England state, although in 1955 the company will be moving into these areas. New Jersey agency operations were begun April 1, and a start will be made in New York by the middle of this summer.

1954 Automobile Experience Given for Mutual Full Cover Companies

	1954										1953														
	Total			Incurred Losses Ratio	Inc. or Dec.	000 Omitted—BI			PHD			1953 Earned	1953 Loss	Ratio	000 Omitted—BI			PHD			1953 Earned	1953 Loss	Ratio		
	Earned Premiums	\$	%			Earned Premiums	\$	%	Earned Premiums	\$	%				Earned Premiums	\$	%	Earned Premiums	\$	%				Earned Premiums	\$
Abbey Cas., D. C.	152,529	56,659	37.1			62,447	105	45	2	90,082	24.8														
Ala. Farm Bur.	2,274,509	1,169,182	51.4			431,034	888	574	811	1,843,475	48.9														
Alliance Mut. Cas.	2,340,228	1,053,157	45.0			281,605	678	524	1,136	2,058,623	47.3														
Allied Am. Mut.	4,278,077	1,689,054	39.4			78,747	624	417	3,235	4,356,824	41.6														
Allied Mut. Cas.	6,296,056	2,880,781	45.7			292,362	2,143	1,668	2,484	6,003,697	48.5														
Allied Mut., Mo.	860,007	356,739	41.4			36,340	332	202	325	823,667	45.8														
Amal. Cas., D. C.	999,501	462,462	46.2			20,185	699	299	...	979,316	41.3														
Amal. Mut. Auto	951,684	471,617	49.5			21,500	951	...	...	930,184	51.8														
Am. Agricul.	1,516,474	184,868	12.2			447,280	1,392	124	...	1,963,754	68.4														
Am. Farmers, Ia.	267,836	58,537	21.8			10,751	91	78	97	257,085	43.3														
American Mut., Ia.	205,668	94,910	46.1			21,003	54	64	86	226,671	47.0														
Am. Mut. Liab.	15,438,445	7,581,768	49.1			389,473	9,372	4,734	1,331	15,048,972	53.5														
Armed Forces, Tex.	243,263	144,834	59.5			14,045	139	55	...	228,218	47.6														
Atlantic Mut., N. Y.	3,942,418	1,509,054	38.2			301,542	2,372	810	760	3,640,876	37.5														
Auto-Owners, Mich.	16,674,539	8,818,257	52.8			1,482,740	4,360	3,996	8,317	15,191,799	53.2														
Badger Mut., Wis.	644,619	207,936	32.2			61,289	285	161	197	583,330	50.3														
Badger State Cas.	1,058,050	431,115	40.7			184,777	524	256	277	873,273	46.1														
Beacon Mut. Ind.	3,355,805	1,645,402	49.0			1,710,403	1,066	916	1,373	2,677,176	49.2														
Cadillac, Mich.	246,306	130,166	52.8			11,652	94	88	63	234,654	40.6														
Capital Mutual, Neb.	542,306	266,919	49.2			...	158	145	238	...	...												
Celina Mut., O.	5,581,743	2,415,078	43.2			749,399	1,835	1,533	2,193	4,832,345	46.1														
Cent. Mut. Cas., Mo.	1,682,436	861,246	51.1			50,939	594	360	727	1,631,497	47.0														
Central Sec. Mut.	60,890	35,062	57.5			...	23	12	24	...	...												
Central States, Ia.	544,614	302,273	55.5			25,943	163	157	232	580,557	49.8														
Cheese Makers, Wis.	761,664	509,044	66.8			213,697	447	251	62	547,967	59.2														
Chicago Ice Prod.	124,995	55,006	44.0			50,329	46	38	39	175,324	27.2														
Citizens, Mich.	12,669,601	7,344,773	57.9			743,774	3,224	3,066	6,378	11,925,827	58.4														
Columbia Mut., D. C.	286,878	132,341	46.1			4,590	200	86	...	282,282	50.0														
Commonwealth, Pa.	532,002	270,063	50.7			29,667	204	161	165	561,669	...														
Cons. Mut., N. Y.	3,499	688	19.7			959	3	2	...	5,540	28.1														
Cook Cos. Farm, Ill.	233,589	119,987	51.3			8,879	63	38	132	226,710	28.7														
Cosmopolitan M.C.	1,754,475	763,511	43.5			276,244	1,269	438	46	1,478,231	43.8														
Cotton States Mutual	749,995	287,438	38.3			127,542	336	223	189	877,537	32.8														
Country Mut. Cas.	15,575,653	7,853,088	50.4			1,015,934	3,820	2,396	9,358	14,559,719	63.4														
Detroit Mut. Auto	1,148,421	542,391	47.2			89,669	277	264	606	1,058,752	62.9														
Donegal, Pa.	189,425	68,928	36.3			10,166	8	7	173	179,259	40.3														
Eastern Mut., Mass.	645,123	260,232	40.3			62,300	578	66	...	707,423	39.1														
Elect. Mut. Liab.	385,156	148,709	38.6			26,717	235	149	...	358,439	30.2														
Empire, N. Y.	6,713,737	3,750,726	55.8			288,646	5,242	1,432	39	7,062,383	51.2														
Empire, Pa.	469,512	280,636	59.7			258,118	202	112	154	727,630	28.1														
Empl. Mut. Cas., Ia.	14,885,590	6,850,249	46.0			1,225,336	5,961	3,859	5,064	13,660,254	47.8														
Empl. Mut. Liab.	11,877,243	5,630,378	47.4			408,446	6,823	3,675	1,378	11,468,797	59.2														
Equity Mut., Mo.	1,646,389	722,531	43.9			46,676	762	362	500	1,599,714	49.1														
Ex. Mut. Ind., N.Y.	1,013,419	469,632	46.3			120,928	1,039	384	...	1,302,591	51.3														
Farm. Mut. Liab.	13,840,515	5,044,511	36.4			1,210,955	7,568	3,405	2,984	13,629,010	46.1														
Farm Bureau Ind.	9,426,223	5,333,550	59.1			1,640,985	2,290	1,295	4,530	7,734,438	62.1														
Farm Bureau, Kan.	6,158,527	3,186,365	51.7			286,279	1,709	757	3,691	5,872,248	59.1														
Farm Bur., Mich.	2,405,603	1,832,651	76.1			536,726	736	304	1,364	1,841,877	54.6														
Farm Bureau, Mo.	2,485,330	1,597,356	64.2			243,526	771	449	1,264	2,241,804	48.3														
Farm Bur., Neb.	630,019	260,464	41.3			...	192	83	353	...	...												
Farm Bur., N. H.	912,223	411,341	45.0			...	...	...	...	...	...								
Farm Bureau, Ohio	11,893,477	62,755,570	560			10,752,616	49,186	28,073	35,632	101,140,861	574														
Farmers Cas., Ia.	1,216,289	541,555	45.3			27,320	367	342	506	1,188,969	42.4														
Farmers Elev., Ia.	126,895	26,010	20.4			22,100	29	27	70	104,795	43.4														
Fmrns. Mut. Auto, Wis.	20,725,283	11,486,609	55.4			3,442,403	9,630	3,571	7,522	17,282,880	56.9														
Fmrns. Mut. Hail, Ia.	2,274,054	962,390	42.3			952,040	765	611	897	3,226,894	46.7														
Fmrns. Mutual, Wash.	1,913,924	1,053,181	55.0			675,298	720	392	801	1,238,626	36.4														
Fed. Mut. I. & H.	7,501,103	3,122,307	41.6			690,526	729	1,532	3,176	6,810,577	43.5														
Fidelity Mut., Ind.	3,788,676	1,533,219	41.7			52,204	1,390	919	1,478	3,736,472	43.5														
Frankenmuth, Mich.	2,583,436	1,649,724	63.8			539,452	662	582	1,338	2,043,984	73.4														
General Mut., N. Y.	1,752,852	921,979	52.5			147,985	1,254	498	...	1,604,867	49.3														
Goodville M. C., Pa.	437,761	194,727	44.4			11,869	221	216	...	449,630	35.4														
Grange Ins. Assn., Seattle	1,240,669	616,833	49.7			...	465	199	576	...	...												
Granary, Colo.	326,451	89,788	27.5			3,851	13	12	300	330,302	43.6														
Grain Dir., Ind.	3,398,018	1,553,563	45.7			479,893	1,105	718	1,573	2,918,125	47.6														
Grange, Ohio	5,489,774	3,396,010	61.8			790,614	1,660	1,110	2,718	4,699,160	67.9														
Hardware, Minn.	10,351,643	4,235,927	40.9			771,646	4,641	2,382	3,327	9,579,997	42.4														
Hardware, Wis.	34,522,273	15,518,165	44.9			2,360,552	16,882	8,433	9,205	32,161,721	46.1														
Harford, Md.	772,655	391,706	50.6			360,036	283	170	318	412,619	35.4														
Harleysville Mut.	8,880,601	4,699,356	47.5			1,230,932	6,069	3,811	...	8,649,689	49.1														
Herman Mut., Wis.	758,170	349,158	46.0			363,762	313	155	288	394,408	53.0														

1954															000 Omitted				1953		1953	
Total		Losses Ratio		Prem.		BI		PDL		PHD		1953		1953								
Prem.	Ratio	Prem.	Ratio	Prem.	Ratio	Prem.	Ratio	Prem.	Ratio	Prem.	Ratio	Prem.	Ratio	Prem.	Ratio							
Earned	Incurred	Loss	Inc.	or Dec.	Earned	Loss	Inc.	Earned	Loss	Earned	Loss	Earned	Loss	Earned	Loss							
\$	\$	%	%		\$	\$	%	\$	\$	\$	%	\$	%	\$	%							
Meridian Mutual	5,065,439	2,287,983	45.1	465,160	1,679	1,206	2,179	4,600,279	50.8													
Mich. Millers	1,067,115	331,040	51.6	284,832	113	72	881	782,283	47.7													
Mich. Mut. Auto	1,634,705	819,683	50.1	251,578	462	407	764	1,383,127	52.6													
Mich. Mut. Liab.	17,626,309	9,160,204	51.9	-86,862	6,937	4,761	5,927	17,713,171	59.3													
Midwest, Ia.	267,239	139,026	52.0	93,052	74	57	134	174,187	26.8													
Millbank Mutual	78,217	11,921	15.2		33	18	26															
Millers Mut. Fire, Tex.	2,970,232	1,128,763	38.0	380,865	1,107	665	1,198	2,589,367	42.6													
Millers Mut. Ill.	984,559	268,238	27.2	331,818	245	111	627	652,741	37.1													
Mill Owners, Ia.	1,150,438	601,060	52.2	434,153	390	209	551	716,285	46.0													
Milwaukee Auto	5,412,827	2,391,734	44.1	523,426	2,989	1,164	1,349	4,889,401	47.9													
Minn. Farm Bur.	409,245	249,103	60.8		151	97	159															
Minn. Mut. F. & C.	1,064,597	465,796	43.7		406	239	419															
M. F. A. Mut.	7,159,171	4,623,217	68.3	-348,515	2,980	3,746	22															
Missouri Mut. Co.	107,763	23,467	21.7	2,200	48	37	21	105,563	19.4													
Mo. Valley, S. D.	46,905	20,632	44.0	6,907	12	9	24	39,998	67.7													
Mount. States, Mont.	256,258	109,062	42.5	21,809	82	55	119	234,449	32.5													
Mount. Mut., O.	9,748,811	4,765,250	48.8	1,251,863	3,379	2,507	3,861	8,496,948	28.2													
Mount. States, N. M.	105,293	26,582	25.2	8,174	47	31	26	97,119	49.6													
Mutual Auto, Wis.	2,013,320	979,001	48.6	159,220	970	428	614	1,854,100	60.0													
Mutual Ben. Pa.	457,845	149,642	32.6	-34,824				457,845	49.2													
Mut. Fire & Auto, Ia.	810,982	379,551	46.8	111,395	255	213	341	699,587	54.3													
Mut. Ser. Cas., Minn.	7,738,113	3,940,212	50.9	1,416,650	3,584	1,642	2,511	6,321,463	46.5													
Natl. Grange Mut.	11,885,035	5,125,514	43.1	169,108	6,956	3,197	1,730	11,715,927	52.1													
Natl. Mut. D. C.	712,620	306,959	43.0	-135,357	436	256	19	847,977	53.0													
Natl. Mut. Mich.	162,462	105,407	64.8	19,755	113	48		142,707	53.4													
N. Y. Prt. & Book.	182,386	58,684	32.2	137,137	38			124,249	51.9													
Nodak Mut. Co.	884,950	474,485	53.6	62,764	202	78		792,186	44.4													
Northern Cas., Ia.	183,341	103,169	56.2	-42,434	59	51	73	225,775	59.1													
N. W. Mut. Fire	172,324	50,827	29.4	55,826	12	8	151	116,498	30.8													
Okla. Farm Bur.	2,825,968	1,797,765	63.6	206,755	708	350	1,767	2,619,213	59.3													
Pa. Thresh.	11,251,982	5,816,283	51.6	601,734	6,201	4,066	884	10,650,248	49.5													
Penn. Mut. Indem.				Figures not available				561,403	64.3													
Pioneer Mut. Cas., O.	514,087	229,609	44.6	46,946	155	147	211	467,141	44.1													
Pioneer Mut., Mass.	896,728	365,382	40.7	-7,015			553	343	903,743	52.1												
Prof. Risk, Ia.	3,494,269	1,597,031	45.7	1,208,729	1,456	1,005	1,032	2,285,540	41.7													
Progressive Mut., O.	2,491,051	1,232,614	49.4	427,601	298	312	879	2,063,450	54.4													
Protect. Fire, Neb.	152,149	71,680	47.1	10,054	35	33	83	142,086	44.0													
Prudence Mut. Cas.	599,403	256,388	42.7	4,345	287			253,015	42.5													
Public Empl. M. Co.	465,631	144,667	31.0		159	100	206	325	595,058	48.5												
Pub. Mut. Cas., Mo.	83,608	33,470	40.0				70	13														
Pub. Ser. Mut., N. Y.	3,966,628	1,861,835	46.9	251,396	3,058	888	19	3,715,232	49.4													
R. I. Mutual	607,243	267,178	43.9	154,488	298	220	77	452,755	36.6													
Rural Mut. Cas., Wis.	2,225,337	1,303,998	58.5	169,501	960	378	886	2,055,836	52.0													
Sec. Mut. Cas., Ill.	4,073,019	2,613,813	64.1	42,144	3,194	543	335	4,030,875	72.6													
Sec. Mut. Liab., N. Y.	372,007	252,459	67.8	-18,805	273	93	4	390,812	45.5													
Service Mut., Tex.	687,655	323,593	47.0	-125,203	262	170	254	812,858	57.5													
Shelby Mut., Ohio	12,351,399	6,471,326	52.3	1,177,016	5,507	3,870	3,272	11,174,383	53.5													
S. D. Mutual	244,085	116,319	47.6	7,680	56	45	142	236,405	45.4													
Stand. Mut. Cas., Ill.	739,675	253,643	34.5	61,343	274	163	297	975,323	39.8													
Stand. Reliance, Neb.	1,034,575	443,475	42.6	93,821	322	265	47	945,354	43.3													
State Auto, Ohio	21,119,995	9,482,751	44.9	2,136,606	7,388	5,608	818	18,932,526	48.5													
State Farm, Ill.	201,391,637	97,078,121	48.2	26,205,455	78,051	34,689	88,670	175,186,182	54.7													
Sunshine, S. D.	804,709	400,424	49.7	-3,462	254	153	396	808,171	58.0													
Supreme, Mo.				Figures not available				17,223	81.0													
Tenn. Farmers	1,996,542	1,243,173	62.2	422,416	892	448	655	1,574,126	51.5													
Trnsptn., Mass.				Figures not available				267,043	59.0													
Tri-State, Minn.	515,294	277,386	53.8	145,234	153	105	256	370,060	67.7													
Union Fire, Neb.	1,883,589	745,741	39.5	173,499	377	315	1,190	1,710,090	43.3													
U. S. Mut. Liab.	7,830	3,250	41.5	444	7,830			7,386	100.0													
Univ. Mut. Cas., Ill.	779,815	563,149	72.2	103,279	306	177	296	676,536	63.4													
Utica Mut.	17,416,323	7,329,303	42.0	1,383,489	10,902	4,886	1,627	16,032,834	49.4													
Va. Farm Bur.	461,363	231,574	50.1	106,278	168	119	173	335,085	48.4													
Virginia Mut.	1,581,063	816,311	51.6	-300,777	551		251	1,684,332	43.3													
Wash. Wash.	21,119,995	91,190	39.9	39,598	66	29	9	18,131,477	46.8													
West. Farm Bur.	616,369	308,235	50.0	83,674	143	90	382	562,695	59.2													
West. Millers, Mo.	402,277	226,457	56.2	100,728	110	61	229	301,549	51.4													
Western Mut., Ia.	2,337,398	919,756	39.3	157,324	769	604	963	2,180,074	41.6													
Western Res., O.	723,213	349,537	48.3	39,963	186	201	335	683,250	52.2													
West. States, Ill.	1,692,920	816,662	50.9	124,041	586	339	677	1,478,879	46.7													
Wolverine Mut.	567,788	250,844	44.1	63,078	136	125	305	504,716	46.7													

	1954				1953			
	Earned Prms.	Incurred Losses	Loss Ratio %	Inc. or Dec. in Prms.	Earned Prms.	Incurred Losses	Loss Ratio %	Inc. or Dec. in Prms.
Lynn, Mass.	\$39,437	217,614	40.3	19,946	519,491	196,873	37.8	57,095
Mrs. & Mer., N. H.	270,138	132,693	49.1	11,317	258,841	79,235	30.8	25,395
Mer. & Bus. Men, Pa.	16,169	14,384	88.9	-11,243	27,412	5,627	20.5	5,479
Mer. & Far., Mass.	134,487	57,976	43.1	11,581	122,906	59,987	48.2	18,261
Mer. & Mrs., O.	269,856	135,593	50.2	105,324	164,532	88,356	53.8	90,635
Merrimack	1,488,569	671,423	45.1	686	1,487,823	612,815	41.4	109,750
Middlesex, Mass.	2,052,658	853,323	41.5	77,990	1,974,068	748,120	38.0	216,962
Midwest Am.	254,084	114,391	45.0	5,756	248,328	138,115	55.6	40,038
Miller, Pa.	2,148	410	19.0	-1,569	12	12	69.8	-298
Mount Joy, Pa.				1,569	1,569	15	0	-280
Mut. Auto, Pa.	3,797,911	1,587,796	41.8	202,197	3,595,714	1,569,048	43.5	629,574
Mut. Ben. Ins., Pa.	457,844	151,147	33.0					
Mut. Fire, Me.	76,626	-31,102		111	76,515	29,239	38.2	6,567
Nat. Church, Ill.	42			-251	293			-397
Nat. Guild, Md.	184,649	60,956	33.0	-18,892	203,541	93,345	45.4	7,964
Nat. Mut. Assur., Pa.	538,863	253,632	47.4	-87,997	646,860	317,288	49.0	-51,819
Nat. Mut., Ohio	5,503	1,437	26.1	5,373	130			
Neb. Hardware	1,604	42	2.6	-96	1,700			-1,341
New Castle, Del.	56,319	9,992	17.7	197	56,122	18,850	33.4	5,669
New London, Conn.	32,566	38,685	73.5					
N. Y. Cent.	371,016	146,169	39.3	-5,369	376,385	142,880	37.8	3,258
Norfolk & Dedham	943,434	448,202	47.5	19,925	923,569	410,176	43.4	133,803
Ohio Hardware	50,640	18,920	37.3	-12,615	63,255	44,294	70.0	2,845
Oliver Coop., N. Y.	2,780	442	15.8	-15,060	17,840	7,813	43.9	-4,183
Oneida, N. Y.	25,754	12,429	47.5	-12,349	38,095	27,648	72.6	-9,985
Oregon Mut.	353,381	134,908	38.1	2,353	353,381	137,000	38.8	69,882
Otsego, N. Y.	81,209	32,030	39.4	1,376	79,833	33,751	29.7	3,889
Paramount, Md.	119,819	49,740	41.5	51,515	68,504	38,211	55.9	10,961
Pawtucket, R. I.	1,449,321	544,083	37.5	15,732	1,433,589	550,631	38.5	129,945
Pa. Lumbermen	77,172	29,884	38.7	-5,606	82,778	41,647	50.3	-3,527
Pa. Millers	11,623	4,101	35.2	4,003	7,620	2,141	28.1	4,316
Pa. Thresh.	1,764,959	822,711	46.6	144,253	1,620,706	864,459	53.4	375,345
Phenix, N. H.	180,105	83,465	49.1	7,544	172,561	52,824	30.7	16,930
Pilgrim, Ia.		36.6	147	86	86,615			184
Pion. Coop., N. Y.	97,678	53,639	54.9	9,086	30,265	34,121	112.13	
Pref., N. Y.	548,326	193,439	35.2	2,693	545,633	192,191	35.2	97,420
Quincy, Mass.	1,363,334	504,906	37.0	136,884	1,226,450	641,420	52.3	168,654
Safeguard, Pa.	137,680	68,371	49.6	7,429	130,251	77,685	59.6	-96,111
St. Marys, Pa.	38,982	23,144	59.3	-9,071	48,053	31,068	64.6	-6,153
Salem, Mass.	115,337	49,198	42.6	-6,130	121,467	51,031	42.2	-26,911
Security, N. Y.	32,633	19,228	58.9	-2,370	35,003	19,648	56.2	2,109
Select Risk, Pa.	29,649	15,011	51.1	3,573	32,972	11,180	33.7	562
Selective, N. Y.	56,846	46,020	80.9					
State Mut., Vt.	18,326	5,456	29.8	459	18,067	6,492	36.0	1,068
Sterling, N. Y.	125,852	61,824	49.1	-104,665	230,517	132,751	57.4	67,209
Tomp. Coop., N. Y.	98,613	37,902	38.4	3,506	95,107	33,303	35.1	16,416
Trdrs. & Mechs., Mass.	518,786	181,788	35.0	-44,714	563,500	204,515	36.2	-155,103
Union Mut., Pa.	57,710	37,422	64.8	17,598	40,112	22,921	57.1	8,042
Union Mut., Vt.	303,125	143,043	47.1	26,317	276,808	114,256	41.4	34,854
Utica Fire	256,109	107,659	42.0	37,747	218,362	103,034	47.3	61,153
Valley Forge, Pa.		out of business			172	22	28.9	
Vermont Mut., Pa.	787,604	459,612	58.3	161,574	626,839	431,214	68.8	291,651
Worcester, N. Y.	153	290		-2	155	-364		-78
Worcester, Mass.	1,682,060	729,550	43.3	180,277	1,501,783	628,833	41.8	122,724
Totals	\$2,510,805	\$2,233,476	44.2	1,566,233	\$2,591,036	\$2,513,087	43.4	\$4,240,193

1954 Results of Reciprocal Fire Companies

	1954				1953			
	Earned Premiums, \$	Incurred Losses \$	Loss Ratio %	Incr. or Dec. in Premiums, \$	Earned Premiums, \$	Incurred Losses \$	Loss Ratio %	Incr. or Dec. in Premiums, \$
Affil. Unds., N. Y.	930	95	10.2	-1,930	2,860	-144	.....	-703
Auto Exch., Cal.	155,492	50,126	32.2	3,552	151,940	61,210	40.5	-1,752
Berwind Ex., Pa.	5,267	280	4.1	-869	6,130	-216	.....	-607
Car Exchange	419,597	165,075	39.3	.....	.....	.....	.....	.....
Cleveland Exch.	146,405	127,344	86.9	-29,187	444,439	245,706	55.2	149,733
Cons. & Dist., Cal.	386,526	122,598	31.7	153,541	282,985	98,320	42.4	152,665
Midway Exch., Ohio	755,255	367,665	48.6	.....	.....	.....	.....	.....
Recip. Ex. Mo.	18,512	6	.....	-2,238	20,750	.....	.....	20,750
Univ. Unds., Mo.	1,777,691	565,258	31.7	177,187	1,600,504	568,068	35.5	204,411
Vehicle Exch., Md.	39,902	19,489	48.8	.....	.....	.....	.....	.....
Totals*	3,739,403	1,441,121	38.5	-23,213	2,459,714	981,939	40.4	521,137

MUTUAL FIRE Companies Results Automobile Insurance in 1954 Are Given

	1954				1953					
	Prems.		Losses	Ratio	Incr. or	Prems.		Losses	Ratio	Incr. or
	Earned	Incurred	Loss	%	Dec. in	Earned	Incurred	Loss	%	Dec. in
	\$	\$	\$	%	\$	\$	\$	\$	%	\$
Abington, Mass.	274,173	97,607	35.6		9,670	264,503	105,999	39.8		33,676
Agricul. Wkrs., Tex.	170,467	40,108	23.5		20,761	149,706	38,652	25.8		36,133
Am. Mfrs., N. Y.	1,788,402	496,132	27.7		-300,654	2,089,056	615,125	29.6		63,235
Am. M. F., S. C.	363,770	166,287	45.7		75,037	288,733	142,989	49.2		87,145
Amer. Mut. Re.	109,187	70,050	64.1		105,435	3,752	2,793	74.4		-24,327
Atlantic, Ga.	100,777	31,754	31.5		-3,624	104,401	33,685	32.3		-12,906
Attleboro, Mass.	61,310	42,900	69.9		5,587	55,723	18,178	32.5		9,915
Auto Mut., Mo.	146,364	52,639	36.3		34,593	111,771	32,453	27.2		59,934
Auto Mut., R. I.	1,564,242	1,350,758	86.3		32,717	1,511,525	430,512	28.5		80,953
Bankers, D. C.	570,087	156,620	27.4		46,711	523,376	180,139	34.5		-21,404
Bankers, Pa.	590,978	262,525	44.4		-2,899	593,877	285,945	44.2		-121,744
Berkshire, Mass.	970,790	431,320	44.4		14,518	956,182	380,816	39.7		105,569
Burlington, Vt.	87,065	30,257	34.7		1,396	85,669	29,666	34.6		114
Cambridge, Mass.	496,170	224,160	45.1		229	495,941	204,271	41.2		36,584
Central Mut. Coop.	860,250	432,695	50.2		not available	not available	not available	not available		not available
Capitol, Pa.	860,250	432,695	50.2		-304,558	1,164,808	663,871	57.1		-132,483
Carolina Mut.	142,824	64,763	45.3		-36,727	179,551	104,451	58.1		47,963
Carpenter, Pa.	94,100	34,009	36.1		27,164	121,264	44,819	36.4		-10,891
Central Mut. O.	3,269,037	1,013,479	31.0		-297,911	3,566,948	1,188,604	33.2		60,840
Citiz. Fd., Minn.	35,018	15,627	44.6		10,939	24,079	16,641	69.2		-632
City Mutual Ins. Pa.	16,686	4,776	28.6							
Coastline, Md.	200,396	119,493	59.6		27,174	173,125	137,807	79.2		102,845
Consumers, Minn.	51,282	25,682	49.9		-27,091	27,253	16,723	61.4		-37,533
Coop. Fire Ins. N. Y.	54,429	25,603	47.0							
Cosmopolitan, N. Y.	37,497	8,839	23.5		-4,856	42,353	17,931	42.3		-2,260
Dorchester, Mass.	99,076	60,620	61.1		7,415	91,661	25,232	27.5		6,410
Druggists, Ia.	20,203	5,933	29.3		575	19,628	6,343	32.4		811
Empl., Wis.	2,702,347	969,245	35.8		-103,056	2,805,403	1,124,237	40.0		150,685
Fmrs. All., Kan.	21,015	12,500	59.4		4,942	16,073	6,265	39.2		8,567
Farm Bur. Fire, O.	7,905,151	4,235,045	60.4		847,667	6,167,814	3,575,926	58.0		170,495
Fmrs. Union, Colo.	5,127	1,715	33.4		-76,933	80,880	32,433	42.4		92,790
Federal, Mass.	469,622	244,893	52.1		6,654	462,968	171,214	36.8		-6,852
Finnish Mut. F., Mich.	157,976	58,454	37.0							
Fitchburg, Mass.	295,412	131,915	44.6		13,857	281,555	104,067	37.0		20,811
Globe Mut., Ohio	186,717	89,716	48.0		81,425	105,292	59,288	56.4		53,374
Grangers, Md.	164,295	76,911	46.8		-20,708	185,003	97,769	52.8		47,346
Granite, Pa.	61,939	21,319	34.4		-43,376	105,385	49,750	47.3		24,643
Genette, Vt.	96,161	45,987	47.8		8,735	99,866	39,163	39.2		27,715
Grt. Lakes, W.	124,177	51,715	41.6		28,814	95,333	47,134	49.5		10,556
Green Mtn., Vt.	54,674	25,978	47.5		9,486	45,188	20,063	44.4		1,699
Hdwe. Dtl., Wis.	1,396,639	354,261	25.3		-75,815	1,472,454	372,744	25.4		336,298
Hardware, N. C.	19,968	2,176	10.8		5,023	14,945	896	6.0		4,962
Holyoke, Mass.	1,725,876	695,365	40.2		65,581	1,660,295	639,996	38.4		182,249
Home, N. Y.	85,368	47,313	55.4		114,823	72,858	63.8			13,334
Home D.L., N. D.	570,625	250,069	43.8		-29,960	540,665	255,019	48.2		69,665
Lafit, Louis., Pa.	8,896	2,127	23.9		-205	9,121	2,264	24.8		26.4
Lowell, Mass.	109,319	29,336	35.9		4,686	104,633	36,785	35.2		-6,342
Lumbermen's O.	1,807,732	727,681	40.2		365,021	1,442,111	565,548	39.2		298,514

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Wichita, Kansas

Since 1932

Stock Fire Insurers 1954 Experience Is Given

(CONTINUED FROM PAGE 28)

1954					1953				
Earned	Incurred	Loss	Incr. or		Earned	Incurred	Loss	Incr. or	
Premiums.	Losses	Ratio	Dec. in		Premiums.	Losses	Ratio	Dec. in	
\$	\$	%	Premiums.	\$	\$	\$	%	Premiums.	\$
Empire State	834,229	412,531	49.4	87,470	746,759	400,892	53.6	122,466	
Eureka-Sec.	1,385,286	558,871	40.4	103,524	1,281,762	588,096	45.9	160,710	
Employers Nat'l. Tex.	258	1							
Farmers & Merch.	14	138		103	89	68		2,924	
Farmers Fire of York	2,476	13,489							
Fidelity-Phoenix	11,650,677	4,880,316	42.0	733,598	12,384,276	5,395,803	43.6	48,922	
Fire & Cas., Ct.	1,475,441	702,116	47.5	110,020	1,365,421	805,074	59.2	591,177	
Firemen's, D. C.	16,518	4,029	24.3	2,414	18,932	13,063	68.8	5,017	
First Nat'l.	463,852	214,794	46.5	37,718	501,570	243,799	48.5	290,897	
First Security, D. C.	559,478	249,783	44.2						
Foremost, Mich.	647,412	214,729	33.1						
French Union	25,457	7,833	30.8	4,874	30,331	11,408	37.2	3,561	
Frontier, Colo.	809,623	406,879	50.2	50,671	758,952	457,736	60.3	74,587	
Gen. Bonding	54,202	30,836	56.8						
General Exch.	135,285,941	62,529,848	46.2	18,211,214	117,074,727	63,197,534	53.9	19,062,171	
General, Wash.	11,913,137	4,044,871	33.9	511,310	12,424,447	4,574,218	36.8	1,165,273	
Gen. of Trieste & Venice	51	8	15.6						
Gerling Int'l., Del.	95,821	62,758	65.4						
Excelsior	467,934	224,620	47.9	71,579	396,355	180,501	45.5	94,084	
Globe & Rep.		239,070			545,878	261,152	47.9	12,245	
Grt. Eastern	426,647	217,210	50.9	4,396	422,251	243,141	57.6	72,064	
Great Lakes	118,849	30,478	25.7						
Homeland	395,271	176,272	44.5	13,525	408,796	188,057	46.1	220,739	
Halifax	48,055	22,035	45.8	21,944	26,111	12,837	49.0	13,271	
Hartford Fire	35,590,638	14,165,085	39.8	343,869	35,933,907	16,025,605	44.6	2,114,577	
Home	19,416,540	8,463,646	43.5	881,278	20,297,818	9,330,649	46.1	1,143,301	
Hudson	65,150	81,067	124.4	13,501	51,649	25,039	48.4	29,906	
Illinois Fire	48,123	36,890	76.5	33,956	82,079	43,403	52.9	14,477	
Imperial, D. C.	701,592	305,363	43.5	133,044	588,548	264,892	46.5	66,730	
Ins. Co. of Delaware	336,501	152,534	45.2						
Ins. Co. St. Louis	444,837	249,122	55.8	64,021	380,616	214,954	56.3	202,447	
Intermountain Cas.	194,371	134,652	69.0						
International, N. Y.	67,164	28,655	42.6	3,232	83,932	40,876	48.0	318	
Interstate	3,298,682	1,333,558	40.4	74,100	3,224,582	1,617,752	50.0	167,913	
Jefferson, N. Y.	23,189	12,674	54.6						
Jersey	2,300,152	1,009,615	43.4	125,675	2,174,477	1,086,458	49.8	209,703	
Lafayette	77,500	38,339	49.4	5,794	71,706	36,408	50.7	13,919	
La Paternelle	6,840	2,423	35.3	1,680	8,520	3,399	39.8	1,303	
Law Union & Rock	226,355	84,516	37.3	9,712	216,643	85,411	39.5	8,852	
Lion Fire	1,603	526	32.8	519	1,084	913	84.5	1,696	
Lond. & Lanc.	1,075,163	401,438	37.3	46,418	1,028,745	405,714	39.7	46,155	
Lond. & Scot.	111,783	56,005	50.4	4,730	107,053	55,092	51.4	13,211	
Lond.	831,095	386,742	46.5	49,727	781,368	398,461	50.7	89,820	
Loyal Auto, Cal.	254,065	85,609	33.6	79,844	174,221	78,295	45.4	54,403	
Magnolia, Miss.	3,456	2,466	71.3						
Manchester	507,648	271,653	53.4						
Manhattan	356,183	165,746	46.5	21,311	334,872	170,769	50.9	38,409	
Manufacturers Fire, Pa.	10,944	9,323	85.1						
Marathon		24,387							
Maritime	25,803	11,289	43.7	4,181	29,984	12,285	40.9	2,528	
Mayflower, O.	1,196,494	497,633	41.6	160,130	1,356,624	773,050	57.2	202,128	
Mercantile	790,543	352,549	44.5	27,050	817,593	376,112	46.0	112,812	
Merch. & Mfs.	351,228	159,779	45.4	12,691	363,919	174,102	48.0	8,164	
Merch., Colo.	259,875	145,392	55.9	2,041	257,534	124,373	48.3	44,038	
Merch., N. Y.	1,713,677	646,783	37.7	146,132	1,859,809	708,449	38.1	135,792	
Mercury	3,561,392	1,558,946	43.5	23,367	3,584,669	1,473,900	41.1	52,934	
Merrimac, Ala.	185,411	94,092	50.8	14,381	171,030	95,912	56.0	22,674	
Metrop. Fire	12,873	39,545	308.5	20,198	33,071	12,624	38.2	15,205	
Mid-South	64,816	20,769	31.9						
Midwest F. & M.	444,637	248,819	55.8	64,021	380,616	198,891	52.1	72,023	
Midwest Re., Ia.	158,333	55,000	34.8						
Millers Nat'l.	213,880	94,807	44.5	20,156	234,036	123,531	52.5	41,249	
Minnehoma	831,086	304,038	36.5						
Mission Ind.	372,386	123,186	33.0						
Monarch	429,424	173,857	40.3	32,094	397,330	182,478	45.8	50,317	
Monticello, Tenn.		858							
Motors	33,100,818	14,212,736	42.9	4,875,167	28,225,651	14,134,250	50.0	2,690,686	
Mt. Beacon	956,234	382,752	40.0	91,183	865,051	445,708	51.5	78,200	
Nat. Am., Neb.	49,462	25,346	51.0	8,540	58,182	27,874	47.9	792	
Nat. Grange	674,681	189,022	32.9	54,757	629,438	183,173	29.1	33,731	
Nat'l. Serv. Fire	17,574	10,574	60.0						
Nat'l. Sur. Mar.	2,897,487	1,108,934	38.0	21,754	2,919,241	1,221,903	42.0	74,989	
Netherlands	187,799	67,760	36.1	8,866	196,665	87,792	44.7	295	
New Rotterdam	1,634	691	42.3						
New South, N. C.	626,619	296,131	47.2	23,266	667,184	319,184	47.7	14,965	
N. Y. Fire	643,918	292,929	45.5	23,266	667,184	319,184	47.7	14,965	
New York Unds.	854,690	397,425	46.4	10,843	843,847	417,316	49.6	101,287	
Niagara	3,225,116	1,485,522	46.0	299,970	3,525,086	1,504,862	42.6	37,822	
Nordisk Reins. Denmark	836	404	48.3						
North British	1,681,087	705,095	41.6	54,098	1,635,185	752,224	50.7	225,622	
Northland, Minn.	2,605,403	1,145,533	43.6	80,270	2,425,133	1,149,889	50.2	733,673	
North Star Re.	803,006	304,135	37.8	77,140	880,146	424,465	48.2	149,306	
N. W. F. & M.	458,635	182,540	39.7	4,431	463,066	206,515	44.6	24,602	
N. W. Nat'l.	3,378,748	1,360,454	40.3	279,634	3,099,114	1,393,173	44.9	610,762	
Ohio Farmers	5,588,485	2,190,493	39.2	371,693	5,216,792	2,115,491	40.4	889,616	
Ohio Ins.	2,489,023	1,034,492	41.5	78,553	2,410,470	1,155,955	47.7	538,810	
Old Dominion	15,512	3,648	23.5	15,977	31,489	13,059	41.4	16,789	
Orient	679,050	253,543	37.3	29,259	649,791	256,238	39.4	26,763	
Pacific Coast	124,174	51,524	41.4	2,165	122,009	49,567	40.6	3,935	
Pacific, N. Y.	4,100,273	1,800,078	43.9	224,032	3,876,241	1,936,601	49.8	373,817	
Pacific Fire	4,099,666	1,799,748	43.8	223,425	3,876,241	1,936,241	49.8		
Pacific Nat'l.	3,760,863	940,391	25.0	1,561,188	2,199,674	1,098,417	49.7	46,180	
Paramount	77,194	45,009	58.3	88,569	165,763	105,102	63.7	31,054	
Patriotic	385,625	165,087	42.8	22,747	408,372	177,881	43.4	138,534	
Pearl	1,631,811	660,659	40.4	121,958	1,509,853	693,416	46.2	191,203	
Pa. Fire	1,712,844	764,241	44.6	58,607	1,771,451	814,548	46.2	244,422	
Pa. Mfrs. Assn.	381,297	132,059	34.6	1,956	379,341	99,014	26.1	9,262	
Permanent, Ohio	635,816	303,145	47.7						
Phoenix, Eng.	300,425	140,412	46.7	17,869	327,404	120,653	36.7	93,163	
Preferred Fire	510,429	198,506	38.9	22,249	532,678	201,978	37.8	29,619	
Pro. Cas. St. Louis	1,890,889	847,154	44.8	171,380	2,062,269	1,173,710	56.7	244,097	
Prudent, N. Y.	325,752	405,329	124.6	29,105	296,647	125,199	42.2	111,127	
Quaker City	574,045	248,816	43.2	6,169	567,876	262,660	46.2	86,820	
Reliance Marine	25,803	11,269	43.4	4,179	29,982	12,264	40.7	2,277	
Resolute	15,236,559	6,245,119	41.0	1,815,246	17,051,785	9,375,355	55.2	560,599	
Rocky Mtn.	36,069	10,924	30.2	27,225	63,294	17,686	27.9	89,630	
Safeguard	282,939	105,647	37.3	12,207	270,732	106,760	39.3	11,140	
St. Louis F. & M.	889,274	492,125	55.3	128,043	761,231	400,158	52.5	40,530	
St. Paul F. & M.	11,215,628	4,655,050	41.5	5,003,994	6,211,634	4,935,580	79.4	4,964,101	
San Jacinto	1,304,554	620,694	47.6	2,59					

Record Crowd for RMTC Meeting

(CONTINUED FROM PAGE 3)

follow in deciding how to advertise:

(1) Analyze who you are in what kind of community. (2) Delegate some of the advertising preparation to field men who make it their business to help you advertise effectively. Attend advertising conferences and, if you are financially able, go to an advertising agency. (3) Verify your ideas. (4) Execute by following through effectively—not just taking the easy way of stuffing mail now and then. (5) React to your advertising by living up to what you say in the ads. (6) Tally the results carefully. (7) Use imagination by making old ideas fit your advertising plans. (8) Specialize by keeping up the line or slogan you have been using. (9) Enliven your ads by changing the format from time to time.

The first afternoon work shop consisted of four lively round table discussions going on concurrently in different rooms.

The casualty and bond section was handled by Thurston H. Jenkins, Colorado state national director. Bernard Flood of Greeley, Colo., led the discussion of the farmers comprehensive policy. Edward Fisher of U.S.F. & G. gave the basic changes in the new auto policy and said they reflect the changing needs and wants of the buying public—particularly women. William Kersten, CPCU of Denver, discussed the garage liability policy and advised the addition of drive-other-cars coverage for the owner, partner and garage owner's wife as well as medical payment and extended medical for the family. Robert Rominger of Hartford Accident reviewed the past and recent history of "mysterious disappearance" construed as theft in the burglary discussion. Mr. Rominger urged the agents not to oversell the residence theft policy due to the companies being more liberal heretofore than the courts. He said that in 13 or 14 cases on mysterious disappearance the majority of the decisions was in favor of the insurance companies.

Robert Shurtleff of the assigned risk plan in Denver said that in Colorado all vehicles acquired after a policyholder starts in the three year assigned risk period must also be insured. Generally the coverage is put in the same company under the same policy as the original vehicle. Mr. Shurtleff said the countrywide loss ratio in the plan is 86.2% on bodily injury and about the same on property damage.

Other participants on the casualty and bond panel were P. J. Walsh, president of the Colorado Insurers Assn. and Robert Broome of Home.

Paul Sackett, state national director from New Mexico, led the fire section panel. Other participants were L. W. Koster, Mountain States Inspection Bureau, who talked on the Inter-Bureau Policy; Harry Henderson, General Adjustment Bureau who led the discussion on business interruption; Neil Durham of Clovis, N.M.; Alice Walsh, president of New Mexico Assn. of Insurance Agents; Hal Burk of Great American; Mark Taggart, Employers group who discussed the homeowners A and B policies; and Joe Silversmith Jr., CPCU and Denver general agent, who covered homeowners C.

Guy Engle, Wyoming state director, led the marine section. Other participants were Jean F. Mills, Colorado Claims Service, Inc.; Hal Bartlett Jr., Wyoming agent; R. H. Whitfield, presi-

dent of the Wyoming association; Charles Hooker of Appleton & Cox, Myron Du Bain of Fireman's Fund; Irene Head of Home; and Henry Furlong, CPCU of North America companies.

The marine discussions covered personal articles, motor cargo, marine claims, personal property floater, contractors equipment, implement dealers and livestock.

Howard Hutson, Colorado advertising chairman, led the public relations and advertising section. On the subjects of agents paid advertising, agents public relations and group advertising plans, Mr. Hutson was assisted by Peter Harbro, New Mexico advertising chairman; Merrill D. Jenkins, Wyoming advertising chairman; John Lyden of Mountain States Fire Underwriters Assn., and Edward Scharetz, of Fireman's Fund.

Dave R. McKown, Oklahoma member of the NAIA executive committee, talked on "National Trends and Functions of NAIA Therein." Mr. McKown cited competition from direct writers and companies with "captive" agents as operations resulting from the need for more service on the local agency level. He said "either we accept the principle of automatic billing or we go to work to give more service." He suggested eliminating useless efforts to get more time to give to service, working with the companies to find ways to reduce expenses below the 50% level, discouraging branches of companies from writing policies and giving agents full commissions and doing all we can the cancellation of policies after 30 to 40 days.

The insurance commissioners panel was composed of Ralph Apodaca, New Mexico; Ford Taft, Wyoming, and Sam N. Beery, Colorado. Each covered new legislation affecting companies and agents, methods of filing rates in each state, filing of policies with proper state authorities, classification and qualification for licensing of companies.

Mr. Apodaca reviewed new legislation requiring companies writing non-accessible policies to print "a clear statement of non-assessability on the face of the policy." Promoters of insurance stocks must now be licensed in New Mexico.

Commenting on the new agents' qualification law in New Mexico, Mr. Apodaca said "the companies must tell what kind of instruction they in-company that does not train its agents tend to use to prepare their agents."

Commissioner Beery discussed new legislation providing for the appointment of receivers by the department when it determines that a company is insolvent or the capital is impaired. A reciprocal bill also provides for reciprocal taxation which will raise an estimated additional \$500,000 for the general fund.

Mr. Beery announced that Colorado is the thirty-third state to pass an agents' qualification law. The department has not decided to give the companies the right to set the pattern of training.

Saturday afternoon was left open for patiality hour Saturday evening followed a golf tournament. There was a hos by a banquet at which the new officers were installed by Mr. Beery.

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Casualty
Inland Marine
Floater

Aviation

Compensation

Crocker Claims Service

Joseph J. Kutilek, Gen. Mgr.

OMAHA, NEBRASKA

Incr. or
Dec. in
Prem.
\$
17,887
941,527
14,760
—7,783
—10,949
117,949
—43,683
—43,945
—15,907
99,208
—40,530
701,139
2,294
—56,306
36,748,780

1953 1953

ms. Ratio
ned Loss
\$ %

5,578 40.4
2,923 39.7
1,087 39.3
1,633 33.9
1,824 40.9
1,680 51.5
1,550 52.9
1,740 44.2
1,031 59.5
1,552 48.3
1,393 43.6
1,788 55.6
1,122 51.2
1,752 56.4
1,693 15.1
1,078 48.4
1,843 59.4
1,133 36.7
1,627 52.7
1,759 55.9
2,022 53.2
1,542 52.1
1,348 79.1

1953 1953

ms. Ratio
ned Loss
\$ %

376 38.3
1,004 49.6
1,983 34.3
1,073 100.2
1,014 44.4
1,410 23.5
2,253 34.2
1,381 18.7
1,730 40.6
1,977 28.8
1,036 59.5

Incr. or
Dec. in
Prem.
\$
7,785
—10,961
2,212
16,822

1953

Ratio
d Loss
%

85 47.1
28 44.6
70 52.7
135 41.8
40 43.5
21 62.1
33 49.4
12 46.8
38 58.0
71 42.5
90 45.7
19 47.1
35 45.8
70 54.8
12 52.9
30 33.7
11 51.2
19 54.0
19 52.2
10 53.9

Developments in Auto Insurance Marketing

(CONTINUED FROM PAGE 17)

pattern has been brought about by a variety of factors such as an unprecedented increase in the number of cars, a redistribution of personal income enabling the great majority of people to buy cars and meet insurance premium payments, publicity in connection with high judgments, and enactment of different types of legislation, such as financial responsibility laws, making it practically mandatory for a person to be insured if he wants to enjoy the privilege of driving an automobile.

What an insurance company or agency primarily has to sell, therefore, is not the coverage but their particular policy form, the philosophy of their company or the service which the agent has to offer. This tremendous shift on part of the buying public interested in buying automobile insurance has been accompanied by important changes in the distribution pattern, some of which have been gradual while others more abrupt. What are some of these changed patterns?

Decentralization of Service Facilities. One of the earliest developments has been the effort of insurance companies to bring the home office closer to the agent and the public. This was started by introduction of the branch office system, and an increasing number of companies began to convert their organizational structure from a general agency set-up to a branch and service office establishment. These changes brought forth mixed results. On one hand, they improved service. On the other hand, expense was often increased through duplication of function as well as added costs caused by lack of coordination or reduced control.

Furthermore, the captive agent operating as an "office agent" was not necessarily producing more and better business and at a lower cost than the independent producer was able to bring in. Therefore, general agencies continued to operate next to branch offices. However, moving the company into the field brought about a further and more significant development.

Change in Triangular Relationship. Historically, there existed a triangular relationship with the company on one point, the agent on the second, and the insured on the third. The third link between the company and the insured was not activated except in case of a claim. And any communication from the company to insured had to pass through this independent middle man—the agent. By moving the company out into the field, the public increasingly was brought closer to the company so that with some companies this third link between company and policyholder actually became stronger than the personal relationship between the agent and his client.

Planning an Improved Product. Pressure from both policyholders and the public brought about an almost continuous broadening of the protection provided under the automobile contract. This broadening reached the point whereby contract provisions have become more or less uniform with special provisions added by a few companies and then often adopted generally. Current examples are the "extended collision coverage", whereby the deductible clause does not apply if two cars insured in the same company are involved in a common collision or the special travel accident endorsement

protecting the auto owner and his family in case of death or injury through any motor vehicle accident. Because of this general uniformity many companies direct their efforts toward simplifying or making the contract more attractive and understandable. One company reduced the number of words by 42%; another company turned to illustrations; still another adds to the regular contract a popularly worded booklet.

Reduction in Policy Term. A number of insurance companies reduced the policy term from a year to six months and even three months. It was felt that this procedure offered a number of advantages such as reducing the premium to be paid at one time, bringing about a quicker realization in rate changes, producing statistical experience more rapidly and easing the financial strain of premium reserve requirements. Other companies felt that the annual policy term was preferable because of such factors as reduced number of transactions and entries, etc.

Market Planning. Scientific marketing planning also referred to as *marketing research* offers one of the greatest opportunities in the development of more and better markets. Unfortunately, the tendency has been for agents to claim that this work should be done on the company level and companies say that it should be done on the agency level.

Has your company or agency kept up a continuous study of the tremendous shifts which occurred in population trends, buying power, trading areas, etc.? Once a company or agency has determined where its greatest and most profitable markets are, it can direct its sales efforts to reach them. Objective planning can thus reduce tremendous waste in sales efforts. Have you analyzed your company's or agency's sales penetration in terms of what your competition is doing or what your entire potential market in your locality has to offer?

For example, one company has been conducting extended market studies on the acceptance of new comprehensive family liability policy as an endorsement to the basic automobile coverage. As a result of these studies, sales quotas were prepared based on the most likely prospects, and the company was able to exceed the quota on a package which previously was not considered practical. How many companies measure the potential profits of entering a new territory in relationship to the cost of such a venture? Much distribution cost has been wasted through attempts to exploit a territory which already has been saturated.

How many companies or agents have asked themselves: What was the increase in car registration in my locality? What proportion of this increase did we write? How many policyholders died, moved away; and how many new ones were we able to attract? Have we properly examined the ways which these new customers came in? Is there a sales pattern which we can more successfully follow in the future? Were we able to widen our center of influence to bring new business to the office? Were we able to create new demands among people presently not insured or was it merely a competitive fight over existing business?

A few companies have found it advantageous to gather this type of information through some central point and provide it to their agency force.



"YES, JOE IS A PROFESSIONAL INSURANCE AGENT! HE IS WAITING FOR THE CUSTOMERS TO COME AND CONSULT WITH HIM."

An agent who has the important facts about his existing as well as potential markets will be in a much better competitive position.

Planning The Sales Approach. Marketing planning, however, must go further in order to be most effective. Techniques have been developed which can pinpoint the most likely prospects. Has your company or agency studied the buying habits of people in your community who are your policyholders? Do they differ essentially from those who are not your policyholders now? How can you change your ways of solicitation, your advertising appeal, your mailing lists, your contacts, etc., in order to reach these groups which now escape you? Insurance is beginning to recognize the application of *motivation research* to its operations. People buy automobile insurance from a particular agency or company for a variety of reasons. Some do so because of price, some because of service, some because of personal friendship, some because of the expert technical knowledge of the particular agent, some because of the company's reputation, some because of convenience, etc.

These motivational factors change rapidly over the years and companies who thought that the established way in which they were doing business would continue, had a rude awakening. The younger generation has been brought up in a super market economy with streamlined merchandising methods and refuses to trade with a certain store or agent just because their "dad" used to do it. Has your company or agency analyzed the buying motivations of the people with whom you deal or want to deal? These answers cannot be found in a book. They must be obtained through hard digging which, however, will pay off many-fold if done properly.

By having the right fact at its disposal, a company or agency can use rifle instead of a shotgun approach in its sales efforts and direct them where they can do the most good.

Planning the Promotional Appeal. One aspect of the strengthening in company-policyholder ties has been the growing amount of preselling efforts done by insurance companies. Only a few years ago, a dull annual statement was the entire manner in which a company represented itself to the public.

Progressive companies have realized that proper preselling can be a most effective means of reducing direct sales costs. Unfortunately, a few companies and agencies have gone from one extreme to another and spent large sums for meaningless promotion, which may be interesting to the executive staff, but means nothing in terms of direct sales and thereby adds to rather than reduces selling costs. If these companies had spent a small fraction of their advertising and promotion budgets on testing and measuring the effectiveness of the advertising, they could have saved themselves a lot of headaches as well as money. What has your company done to measure the effectiveness of your various sales techniques? What have you done to test the themes of your campaign? Are they acceptable to the people that you want to reach? What have you done exploring different media? Have you been able properly to coordinate your direct sales and promotional efforts, or are you dispersing your efforts in different directions? How effective are your campaigns in relationship with your competitors? Are you appealing to the motives of the policyholders in your community which will bring results? Factual guidance has provided many companies with an objective basis to direct these activities to maximum usefulness.

Recruiting, Training, and Compensation. Various sales management techniques have proven a great aid in streamlining insurance sales methods adapted to the particular company and the merchandising approach which it uses. For example, a number of companies do not appoint a person as agent unless he has met definite selection standards. A few companies have gone overboard through blind reliance on psychological tests.

Tests are only one of many tools in a selection process. Most of them, furthermore are limited in their usefulness as they are directed to what is considered as an "average" person.

There is a trend to place increased emphasis on sales ability. Some companies prefer teaching insurance to a successful non-insurance salesman than teaching "sales techniques" to a technical insurance expert. Some companies like to recruit agents who are suited by background, training, or interest to a certain market they want to reach. They feel that if a man is familiar with the market he wants to

serve he will do a better job. Establishment of new compensation plans is another device used successfully by different companies.

Increase in commission rates alone has definitely not proven to be the "general remedy" which it once was considered. Some companies set a production bonus for reaching a certain quota. Some use a persistency bonus depending on the agent's ability to retain his business. Some pay a contingent commission depending upon the loss ratio. There has been a tendency to imitate the life approach with a higher initial compensation and a lower renewal fee, more in the nature of a service charge.

New compensation plans are not only being set up on the agency level but on the supervisory level as well.

Has your company considered paying its field men and sales supervisors an incentive or contingent bonus depending upon the sales results of profit in their territory?

Specialized training is another device used by some companies to achieve increased production. Some companies have set up special executive programs embracing general management as well as insurance subjects to broaden the knowledge of its field force. This form of training is being conducted in different ways. Some companies are setting up special management institutes either in the home office or in the fields; some companies find that liaison or joint committees of agent, field staff and company men can speed results. Employment of outside experts in the supervision of these programs or "workshops" has proven to be of value.

Reduction of Acquisition and Field Supervision Expense. As to "commissions" and "acquisition costs", companies as well as agents sometimes forget that certain functions have to be performed by somebody and it is not the amount of compensation or the rate of commission which should be examined, but what percentage of premium dollar is being paid for each function performed. A producer is entitled to a reasonable compensation for his selling as well as his service efforts. This compensation, however, must be in relation to the actual function or services he performs. There is a trend away toward the basing of compensation schemes on sales, service and work load performed.

However, it is not on the agency level alone that a trend in reduction of distribution cost is desirable.

The maintenance of a proper company field force, consisting of field men and special agents, is a very heavy drain on the expense side. Many of the established companies, because of personality and other reasons, have been hesitant to reexamine their huge field staff. With the mounting emphasis on a reduction in distribution costs, such a reevaluation is becoming mandatory.

Has your company studied the optimum "span of control" of your field supervisors? Has your company set standards which it can use as a yardstick for the measurement of field performance? Have you studied what size territory, keeping in mind urban vs. rural and other variations, a field man should supervise?

Additional sales outlets. The search for any new outlets and points of contact between the agent and the public appears to be increasing. A few companies and agencies are trying to test the feasibility of "walk-in" business where the insurance buyer looks up the seller rather than the established

way of personal solicitation on the part of the insurance agent. These experiments include the establishment of counters at department stores, the set-up of agencies in shopping centers and other efforts to move their insurance sales organization to places which will attract traffic. Whether these attempts will be able to reverse the established insurance distribution approach is yet to be seen.

Enlarged Service Facilities. A pronounced trend in modern merchandising of automobile insurance has been the broadening of services provided both by companies and agents. This trend runs somewhat opposite to the efforts to cut out frills and reduce costs. To find the proper balance, however, is an important decision for top management.

Allowing the customer to pay his premium in installments is becoming a generally accepted privilege, according to recent studies. There is every evidence that the majority of the automobile-buying public prefers to use a multiple payment plan even at a somewhat higher cost.

Adjustment facilities, also, are being broadened as another aspect of providing more services. This has included attempts to permit agents, selected garages, or other intermediaries to settle losses.

Some companies and agencies use special service representatives in order to permit the agent to devote more time to selling. Others stress safety as one of their important service aspects. They conduct safety highway programs, distribute films, and initiate other educational efforts which will benefit policyholders as well as the public.

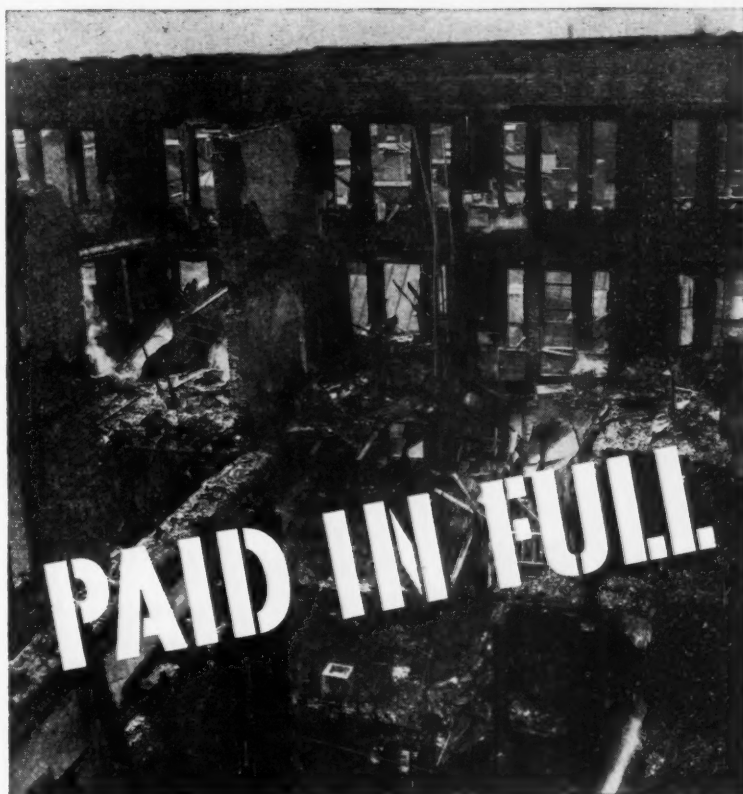
Most important has been the growing recognition of the need to provide the policyholder with a "truly professional insurance service" of which automobile insurance is only one aspect. This trend toward establishing the professional status of the insurance agent should benefit companies, agents and the public alike.

Reduction in Company Overhead. Duplication of work between home office, branch or field office contributes much to the present high distribution costs of many companies. While a great deal of effort is being devoted toward the improvement of this condition, it would appear that greater stress ought to be placed upon a factual approach as compared with historical considerations. Plans, furthermore, should be tailored to each company's individual considerations rather than following a general rule.

For example, the single limit policy has been one means employed to cut administrative expenses. While some companies believe that it reduces the flexibility of contract, others feel that savings to agents as well as the insuring public through simplification of coverage afforded, and through expense-saving and improved rate making procedures, far outweigh these disadvantages.

The use of a continuous policy contract is used by some companies as an important expense-saving. These companies feel that they are in a superior position to issue renewal billings at reduced expense. Others stress the benefits of having one agent personally deliver and send a new policy every year. Here again surveys by individual companies would seem indicated covering such factors as the length of time an

(CONTINUED ON PAGE 45)



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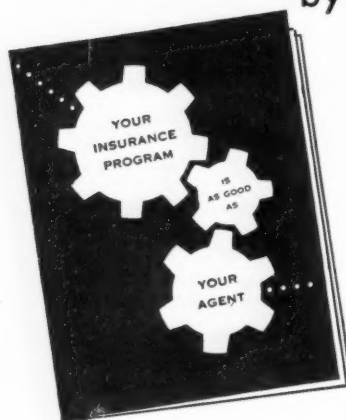
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Warns Against UJF And Urges Stronger FR Law for Fla.

Florida Assn. of Insurance Agents was warned against the dangers of approaching the problem of the uninsured motorist by way of a state unsatisfied judgment fund by Thomas O. Carlson, actuary of the National Bureau of Casualty Underwriters, speaking at its annual meeting at Miami Beach.

Noting that a bill for creation of such a fund had been introduced in the Florida legislature, he suggested the state give a strong financial responsibility law its chance before embarking "upon the hazardous and uncharted waters of unsatisfied judgment fund legislation."

Florida's FR law has been weak, but amendments are now being considered under which instead of the driver alone being subject to a one-year suspension, the owner and the operator may be subject to a five year suspension, the limits would be raised from 5/10/1 to 10/20/1 and exemptions would be clarified and restricted. Minimum as well as maximum penalties would also be established.

Mr. Carlson said the weakness of the present law is amply demonstrated by the fact that little more than half the cars in the state carry liability insurance, while in New York State, which has a rigid and properly enforced law, well over 90% of the cars are insured.

He pointed out that North Dakota and New Jersey are the only two states to have enacted unsatisfied judgment fund legislation.

In speaking of the New Jersey law by way of illustration, Mr. Carlson said that it brings the state to a certain degree into the insurance business and "since bureaucracy has the habit of always expanding and never contracting, any such encroachment constitutes a threat to the private enterprise system." Moreover, he explained, either directly or indirectly through assessments upon insurance companies, and directly through assessments in the registration fee, the insured motorist is called upon to pay a substantial portion of the cost of such a program.

In speaking on merchandise block policies he said that because this type of policy contains features so attractive to insured it would seem to be here to stay.

He pointed out, however, that since the type of risk interested in the contract is large, such risks are targets of sharp competition. Competition has produced a chaotic situation with respect to this kind of coverage where it has already been introduced but, he said, it appears inevitable that the industry will try to bring order out of chaos by establishing a reasonable method of rating the policy and developing a program which it is to be hoped will be countrywide in application, embracing the rules, policy forms and proper manual rates for the coverage.

Conn. Tax Cut Moves

A bill that would provide for a gradual reduction in the interest and dividends tax on Connecticut insurers was voted favorably by the general assembly's finance committee despite opposition to the reduction by the state tax department. The present 2½% would be lowered to 2% in 1956, 1½% in 1957, 1% in 1958 and one-half of 1% in 1959 and thereafter.

Continuous Study of Fire Problems Is Urged by Vernor

A successful attack on the fire problems of American cities requires a continuous if not periodic re-appraisal of what is going on, Richard E. Vernor, manager of fire prevention department of Western Actuarial Bureau, said in Washington at a U.S. Chamber of Commerce breakfast at which National Fire Waste contest winners received their awards. Providence, R.I., won the grand award.

Mr. Vernor listed among the changes in cities that require study the trend toward the decentralization of business and industry, creating large plants or shopping centers near or even outside the perimeter of the city; tremendous population growths resulting in the squeezing of lower income groups into extremely small apartments, which has caused a growth in slums and greatly increased traffic problems which have brought on new fire problems.

For instance, seven fire stations will have to be torn down or are now being demolished in the construction of the new expressways in Chicago.

On the other side of the picture multiple housing projects are easing the slum situation in some neighborhoods, and the conflagration hazard is being reduced in some places by the removal of buildings in congested areas, to make room for parking lots.

Mr. Vernor said that because of research in science and invention, portions of building codes and fire prevention ordinances often become obsolete and need careful revision. Co-operation and understanding is important between fire services and many industries making all sorts of new materials for construction or occupancy, often through hitherto little understood hazardous processes.

The fire service is of extreme importance in this safeguarding process. It must expand with the growth of the city, and the need for this has to be sold to the taxpayer.

The story of fire prevention, he said, must be taken to the individual beginning with his school days and he must never be allowed to forget it.

Driver Training Meeting

Some 150 persons, including 28 high school driver training instructors, attended a meeting at Reading, Pa., at which the importance of driver education in high schools was stressed. The meeting was sponsored by American Casualty, Reading Automobile club Assn. of Casualty & Surety Companies, and American Automobile Assn. in co-operation with Reading and Berks county schools.

Snedegar Named at Louisville

Kenneth Snedegar has been appointed claim manager at Louisville for Manufacturers Merchants Indemnity and Selective Fire. He has been an adjuster at Cincinnati for the companies.

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N. H. Agents Ask for One-Write Form at Midyear Meeting

Commissioner Knowlton of New Hampshire, speaking at the mid-year meeting of New Hampshire Assn. of Insurance Agents in Manchester, promised that his department will exercise every effort possible to bring the one-write policy to that state.

T. Winston Keating of Claremont, president of the association, criticized National Board for its failure to introduce the form to New Hampshire. He said "we have been promised the one-write policy for five years and we are still waiting for it."

The association adopted a resolution in which it pointed out that the one-write policy, adopted in many states, results in saving of time in the writing of policies and in increased production at lower cost to the agents.

The association requested the immediate redesigning of the present New Hampshire form as the form, and asked its immediate adoption.

National Board will be officially advised of the action, and insurance department will be requested to use its good offices in securing the adoption of the form.

Mr. Keating also criticized insurers for failure to support the association's monthly magazine, *Granite Chips*, from which the association derives much of its funds to battle legislation, which is in the interest of the companies as well as agents. He criticized as exorbitant prices of safety leaflets sold by the Assn. of Casualty & Surety Companies while Allstate was handing out free safety literature in some of the schools of the state.

He urged greater appreciation by companies of the agent and association problems, and emphasized that improved cooperation of agents and insurers is badly needed if the integrity of the agency system is to be maintained in an era when it is being unfairly attacked.

He reported that 72,000 reprints of an editorial in the Claremont (N.H.) *Daily Eagle* in support of the agency system had been distributed at cost to agents, state associations and companies. This editorial, he said, had appeared in many national publications. The *Daily Eagle* received 22 direct requests for permission to reprint the editorial in other publications.

Mr. Keating said that the association had conferred with Gov. Dwinell on the possibility of the association writing the insurance business of the state. Negotiations are continuing, he said.

The meeting opened with a motion picture, "Telephone Techniques," which demonstrates the proper taking and answering of telephone calls in an insurance office.

William Parker of Aetna Casualty spoke on direct writer competition, and the association's new attorney, William Green of Manchester, spoke on current legislation.

Valmore Forcier, Danielson, president Connecticut association, spoke on its \$50,000 campaign to advertise the agency system.

"We must recognize the problem of the direct writer," he said. "It is not a battle of mutual fighting stock company; it is a battle of systems—a new concept of the distribution of our product. We must acquaint the public with what it means, and I am convinced that after the battle clouds have

cleared, the agency system will emerge triumphant."

He believes that first-time buyers of insurance are responsible for the large volume of business written by the direct writers, following a terrific building boom and adoption of financial responsibility laws by most states. These insured are buying on price, he said. They have no way of knowing about local agents. The real danger lies with these first-time buyers of insurance who do not know the agency story, but read the advertisements of direct writers.

It is difficult to pinpoint any specific results of Connecticut's big advertising campaign, "but we know by constant repetition of the slogan, 'You're A Neighbor, Not a Number to Your Local Insurance Agent,' in 100 newspapers and over many radio stations is having its effect."

He cited the fact that one of the big direct writers since has emphasized to insured that it is neighborly too.

William H. Brewster, manager of the automobile division of National Bureau, discussed the new automobile policy.

Also on the program were Archie M. Slawsby, Nashua, member of the executive committee of NAIA; and Warren A. Bodwell, Manchester, chairman Eastern Agents' Conference.

U. S. F. & G. Club Elects

The Anniversary Club of U. S. F. & G. in New York City, composed of employes with 25 years or more of service, elected Harold M. George president, Josephine Pettit vice-president, Terence McGowan treasurer, Frances Poto secretary and Florence Pearce to the executive committee.

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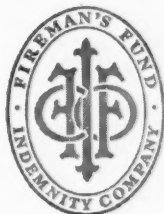
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NEWS OF FIELD MEN

Averill Heads Pine Tree State Field Club

R. P. Averill, Aetna Fire state agent in Maine, was elected president of Pine Tree State Field Club at the annual meeting at Manchester, N. H. Other officers are Paul E. Goode of the Boston, vice-president; Donald Fletcher of U. S. F. & G., treasurer; and William M. Dox Jr. of Hartford group, secretary.

Chairmen of committees appointed by the new president are Mr. Goode, public relations; William K. Ottman of Liverpool & London & Globe, speakers and film; Kenneth J. Huelin of Security, educational; Arthur C. Buettner of North British, fire prevention and fire safety; Orion R. Wadsworth of Commercial Union, town inspection; Everard E. Hall of American, entertainment; Mr. Dox, publicity; A. W. Anderson of Royal and William I. Roeder of Home, co-chairmen of the catastrophe committee; Gus T. Sturtevant of Employers group, executive; and Ellis S. Perrigo of New Hampshire group, rules and forms.

Pond to Hold Ceremonial

Fresno-San Joaquin pond of Blue Goose will hold its ceremonial May 20-21 at the University-Sequoia-Sunyside Club, Fresno. The ceremonial session will be the first evening and a barbecue and initiatory ceremony will be held the next day at Wildwood park.

Plan Annual Ohio Outing in Fall

CINCINNATI—W. A. Gibson Jr., regional manager, North British & Mer- chairman for the annual outing of Ohio field men to be held here in the fall. Ohio Fire Underwriters Assn. and Ohio Blue Goose will meet at the same time.

Mr. Gibson will announce his committee and date of the meeting soon.

St. Paul F&M Promotes Three in Wisconsin

Changes made by St. Paul Fire & Marine in Wisconsin include the advancement of Curtis G. Solvig to state agent and the addition of Milwaukee county to his territory, and the changing of W. W. Pierce and E. B. Martin from special agents to state agents. They will continue in their respective territories.

Edward M. Westcott has been appointed special agent at Cleveland to replace Walter Kennedy, who transferred to the Cincinnati office.

Mullen Opens Roanoke Office for Aetna Fire

Aetna Fire group has opened a new office at Roanoke and transferred special Agent Robert E. Mullen Jr. there from Richmond. His headquarters are at 515 Colonial-American National Bank building.

The Richmond office will continue to have supervision of the entire state. Mr. Mullen had been special agent under Resident Manager E. B. Smoot at Richmond from 1952.

W. Va. Pond Annual

The annual meeting of West Virginia pond of Blue Goose will be held June 9-11 at the Summit hotel near Uniontown, Pa.

Joins Pacific Properties

James Ferguson has resigned as special agent at Seattle for Boston-Old Colony to become a partner in Pacific

Properties Co. there and manager of the firm's insurance department. Mr. Ferguson had been with Boston-Old Colony six and a half years. Prior to that he was with General of Seattle at Spokane four years.

Nebraska Field Groups Name Forrest, Jeffrey and Miller at Annuals

Nebraska Fire Underwriters Assn., Nebraska State Fire Prevention Assn. and Nebraska Blue Goose elected officers at annual meetings in Omaha.

The underwriters elected Robert E. Forrest, Fidelity-Phenix, president; Clarence E. Hedstrom, Hartford Fire, vice-president, and Leon M. Penquite, Travelers Fire, secretary-treasurer. All are of Omaha.

The fire prevention group elected C. R. Jeffrey, North British, president and Robert E. Gates, Phoenix of London group, secretary. Both are of Omaha.

Gay E. Miller of Omaha, L. & L. & G., was named most loyal gander of the Blue Goose. C. E. Heckenlively was elected supervisor; Fred Fletcher, custodian; E. J. Nagel, of Scottsbluff, Home, guardian; Robert E. Forrest of Omaha, Fidelity-Phenix, keeper, and Lester J. Brown of Omaha, Scottish Union, wielder.

Royal-Liverpool Changes in N. C. and Illinois

Royal-Liverpool has appointed Samuel F. Padgett II as state agent at Asheville, N. C. He joined the Virginia F. & M. in 1938. After war service he returned to Virginia F. & M. as state agent in North and South Carolina. In early 1954 he completed training in casualty underwriting in the New York office, preparatory to his combined fire and casualty appointment in Asheville.

Edward J. Bily has been named agent at Peoria, succeeding George H. Clark, who has been transferred to the regional office in Chicago. Mr. Bily joined the group in 1949 at Chicago as a junior underwriter and in 1952 was named special agent in the Chicago territory. He will have headquarters at the Royal-Liverpool office, 617 Commercial Bank building.

Crop Insurance Group Names Erickson, Cook

Special Agents Carl Erickson and Neil Cook have been appointed by the Crop Insurance group to supervise both production and losses on hail business in Kansas and Nebraska. Mr. Erickson has been in the crop hail business 10 years. He will live in Skandia, Kan.

Mr. Cook will supervise office procedure at Omaha and also will devote some time to outside production activities. He has had experience with a mutual company in both field and office work in connection with the hail business.

Aetna Fire Group Names Davis Special in Wis.

Aetna Fire group has named James M. Davis special agent in Wisconsin with headquarters at Milwaukee. He will work with State Agent Stuart R. Terwilliger.

Mr. Davis succeeds Gordon C. Armstrong who has been transferred to the group's marine department at Park Ridge, Ill.

Joins Milwaukee Agency

Robert M. Freer, state agent in Wisconsin for the St. Paul Fire & Marine for the last five years, has joined the Leedom-O'Connor & Noyes Co. agency in Milwaukee and has been named assistant secretary of the firm.

Loyalty Group Changes Minnesota Field Setup

Loyalty group, on the recent retirement of State Agent Philip Olson, has revised its outstate Minnesota plant setup, which was formerly under the supervision of Mr. Olson and State Agent H. W. Houd.

Mr. Houd, who has been in Minnesota for the Milwaukee, takes over for Firemen's. He is succeeded with the Milwaukee by Robert W. Dopke, special agent, who has been promoted to state agent. Also promoted from special agent to state agent is Fred W. Yearneau, supervising National-Ben Franklin, Commercial and Metropolitan on a multiple line basis. E. C. Erland continues as manager of the Twin Cities service office, supervising the Twin Cities only.

Mr. Olson's retirement was marked by a party attended by members of the service office and western department officers. On from Chicago were H. A. Clark, vice-president, and Arch Blickenstaff, secretary. Mr. Clark presented Mr. Olson with a portable radio. Mr. Olson began with Loyalty group in 1923. After service overseas in World War I, he was for awhile with a general agency and in 1918 became Minnesota state agent for National Liberty.

Heldstab to Mich. for Phoenix of Hartford

Phoenix of Hartford group has named Robert B. Heldstab a special agent for Michigan with headquarters at Detroit, where he will work with Special Agent Edward M. Ranger and Manager Charles L. Rosenow. He was formerly with Michigan Inspection Bureau.

Cauby is Named Special for Aetna Fire in Ark.

Aetna Fire group has named Omar D. Cauby special agent in Arkansas, succeeding Special Agent R. Heber Helvenston Jr., transferred to Oklahoma. He will work at Little Rock with State Agent Thomas H. Bramhall.

Mr. Cauby joined the group in 1954 and has worked in the underwriting, loss and survey departments. He recently completed a course in Aetna's multiple line training school.

Dorway to Ala., Ga. for American Indemnity

American Indemnity has appointed Charles E. Dorway special agent in Alabama and Georgia, succeeding William R. Wooten, who resigned. His headquarters will be at Atlanta. Mr. Dorway entered insurance with U.S.F. & G. at St. Louis and more recently has been with Glens Falls.

Phoenix, Conn., Group

Leo F. Quinn has been appointed manager of the premium accounting division of Phoenix of Hartford group. After army service he was with War Damage Insurance Corp. He joined Phoenix in 1945 in accounting and in 1952 transferred to the statistical department. In 1954 he became supervisor of the accounts service division.

Inspect Battle Creek Hazards

Michigan Fire Prevention Assn. inspected Battle Creek this week. Association members also gave talks before 24 school assemblies in the area and showed fire prevention movies in several instances.

At the annual meeting of the association at Jackson, Frank Westerman of Lansing, was elected president.



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North Dakota Fire Underwriters Assn. and North Dakota Assn. of Insurance Agents jointly sponsored six seminars at Dickinson, Bismark, Valley City, Grand Forks, Devils Lake and Minot. Shown here, attending the Dickinson meeting are, from the left, Roy Herhusky, Jim Civilla of Dickinson; Bob Anderson, president of North Dakota Fire Underwriters, of Fargo; John W. Johnson, manager of the Dickinson

Chamber of Commerce; I. G. Cox, field supervisor of American; Neil Robb of Regent; E. M. Dahlen of Hebron, and Al Ueckert of Beach.

Speakers at the meetings were Paul Olinger, secretary of Agricultural, Irvin Artes, special agent of Hartford Fire, C. J. Mullican, manager of the fire department of Firemen's Fund group, and Mr. Cox.

Gabree Goes to Denver for Phoenix of Hartford

Phoenix of Hartford group has transferred Special Agent Edward C. Gabree to Denver. He will work with General Agent Henry W. Schwartz, State Agent Henry M. Howland and Supt. Harold B. Ingebretsen.

Ga. Pond Annual June 6

The annual meeting of the Georgia pond of Blue Goose, and the monthly meeting of Stock Fire Insurance Field Club of Georgia will be held June 6 in Atlanta.

Mudy in Field for L. & L.

E. A. Mudy has been appointed special agent for Connecticut by London & Lancashire group, succeeding W. H. Hunting, transferred to the home office. Mr. Mudy has had several years rate inspection and field experience in Connecticut.

Georgia Ganders to Meet June 16

Georgia Blue Goose will hold its annual meeting and golf outing at North Fulton Park June 6. There is a full recreational program planned in addition to golf, and an initiation will be staged prior to a barbecue that evening.

Insurer Safety Plan in N. Y. Showing Results

Traffic accidents in New York state cost 2,000 plus killed, over 180,000 injured, and nearly \$400 million in financial waste each year, William H. Franev, police traffic consultant of Insurance Industry Committee on Motor Vehicle Accidents, today told central New York safety conference exposition in Syracuse.

The committee is composed of a number of groups that are actively interested in accident prevention, including insurance agents, but receives its financial sponsorship solely from the casualty insurers through Assn. of Casualty & Surety Companies, National Assn. & Automotive Mutual Insurance Companies and National Assn. of Independent Insurers.

The community assistance program, which is administered by Assn. of Casualty & Surety Companies, provides expert technical service without charge only to cities of 10,000 or more in the state. At present 41 communities are participating in the program. Thirty-

one have a modern accident investigating and recording system in their police departments, 17 reorganized their police departments to improve law enforcement, 17 police departments have increased traffic law enforcement activity, 20 police departments now conduct in-service traffic training, seven have sent police officers to the Northwestern University traffic institute for specialized training, 15 high accident frequency locations have been re-ramped by traffic engineers to increase safety, 13 are modernizing their system of signs, signals and markings, 17 are modernizing and recodifying their traffic ordinances, eight have created traffic violations bureaus which are entirely apart from all other court or police operations, four have created a semi-official traffic advisory committee, and three have organized a traffic safety council.

In 1954, Mr. Franev said, results began to show. In over 50% of the communities in which substantial staff service had been given, there was a noticeable decrease in the accident experience. One community reduced its accidents by 22% another by 2% and another by 12%.

Holmes Decries Fire Rates, Differences in Total Paid on Claims

According to Commissioner Holmes of Montana in a recent statement, fire insurance rates in the state will not be lowered until there is substantial agitation and revelation of the wide variations between the amounts collected as premiums and the total paid out in claims. Commenting on National Board's town grading of Great Falls, he said while the criticism in the report could without a doubt be backed up by technical data and scientific conclusions, he did not feel that Great Falls and other communities were being answered in their requests for rate reductions after required improvements had been made in fire prevention facilities.

Mr. Holmes commented that the dissatisfaction with the rates could result in developments not beneficial to Montana or the insurance business. He pointed out the commissioner has jurisdiction for rates only if they are unduly discriminatory and that this calls for legal determination, with none in sight. He said while it is obvious

that insurance companies have expenses other than claims and reserves must be built up and maintained, an undesirable situation has been brought about by the differences between income and visible outgo. Holmes declared that because of the present rating developments, some of the larger insurers are sending their business out of the state to gain lower rates, thus depriving Montana of the premium tax which would go into the general fund for support of the government. Also, it eliminates the local agent.

Mr. Holmes also commented that comparatively small insurance companies are attracted into the state because of the high rates for the ordinary run of business, and "if they meet the qualifications under our law and put up sufficient cash or security to guarantee payment of claims on business written, we have no choice but to license them, even though we know from experience it is often more difficult for a policyholder to get a quick and adequate settlement from a concern that just meets our minimum standards than from one of the larger and well-established firms."

Insurance Federation of Pa. Names Adam

Insurance Federation of Pennsylvania has elected Malcolm Adam president Penn Mutual Life as president at the annual meeting in Philadelphia. Other officers named are: First vice-president, Kenneth B. Hatch president Fire Association; vice-presidents, Frank D. Buser, Fidelity Mutual Life; Samuel J. Carr resident vice-president Standard Accident; William B. Cory, president Provident Indemnity Life; Stanley Cowman, Mather & Co., T. A. Engstrom, Philadelphia manager Aetna Life; H. H. Gilyson Jr., president Chester County Mutual Ins. Co., Coatesville; W. M. Guthrie, director Pennsylvania State Council of General Contractors, Harrisburg; E. A. Logue, state agent Ins. Co. of Pennsylvania, Pittsburgh, and J. Maxwell Smith, president Keystone Auto Club Casualty; treasurer, Samuel J. Carr, resident vice-president Standard Accident; secretary-manager and general council, Homer W. Teamer.

Executive committee chairman is John A. Diemand, president North America Cos., and vice-chairman is Robert Dechert, general counsel Penn Mutual Life. Where no city is given for the officers, it is Philadelphia.

IBM Develops 'Random Access' Memory Unit

International Business Machines Corp. has developed a "random access" memory device for storing information in electronic data processing machines. Designed for "in-line" processing of business transactions, it is expected to have considerable appeal for insurance companies.

Known as the IBM 305, the experimental unit was developed at the company's advanced engineering laboratory in San Jose, Calif. The first commercial installation will be in a federal agency. It is expected the IBM 305 will rent for \$1,500 a month. IBM only leases this type of equipment.

Significant in the company's announcement is the statement that this unit "will be the heart of a new line of IBM electronic data processing machines."

Installation of an IBM 305 will augment an insurance company's existing electronic data processing system and may be used with punched cards or magnetic tape-operated machines. This unit will store 5 million characters and, when combined in multiple units with a single electronic machine, will provide a "memory bin" of great capacity. It looks like an automatic record player, consisting of a stack of magnetic discs mounted slightly apart from each other on a vertical shaft. Data is stored as magnetized spots on the discs. At the side of the stack is a reading and writing arm which moves under electronic control directly to the "address" of the data desired.

Use of the multi-million character memory and the stored program instructions enable the IBM to automatically and rapidly adjust all affected records each time a transaction or change occurs. This "in line" processing makes it possible for a company to keep an up-to-date record of its business each day, so that management has an accurate and quick reporting method. Transactions are processed as they occur.

The "random access" storage will enable an insurance company to make changes in a relatively short time each day, since the IBM 305's multi-million character memory may be changed more rapidly than manual or other records stored outside the EDPM.

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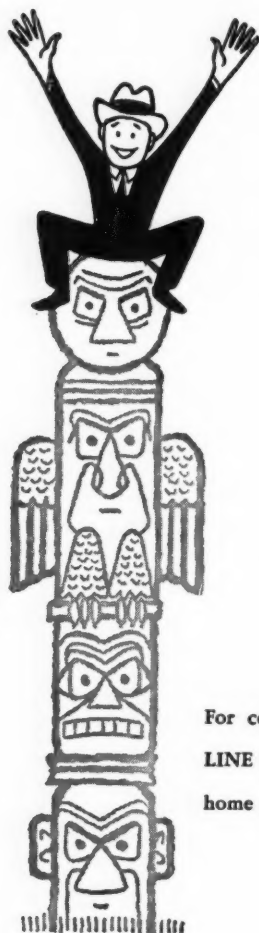
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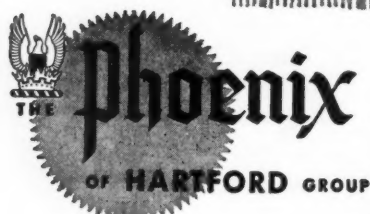
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Selling Essential Before Employees Appreciate Benefits

NEW YORK—It takes constant communication through posters, booklets, films, and personal interviews for a company to convince employees of the full value of its group insurance or pension plan, it was brought out at a panel at the spring insurance conference of American Management Assn. here.

Speakers were Frazier Wilson, manager of the insurance division of United Air Lines, Chicago, E. Sidney Willis, manager of employee benefits planning, General Electric, New York City, C. Manton Eddy, vice-president and secretary of Connecticut General, and Edwin S. Hewitt of the actuarial and consulting firm of Edwin Shields Hewitt & Associates, Libertyville, Ill.

The result of United Air Lines' calculated communications plan designed to achieve higher employee morale and production by stimulating appreciation and understanding of the benefit plans, has been that group A&S participation has increased from 65% to 97%, employee pay-all life insurance participation from less than 60% to almost 92%, and pension participation to nearly 90%.

Mr. Wilson explained that the airline uses a film depicting the benefits offered and how they apply to an employee, makes use of the annual wage review and performance evaluation period to explain the hidden wages in the benefit program, and utilizes the claim payments to bring a warmth and friendliness to the employee by having the claim girls write a note on each check voucher.

Even though the present methods are effective, Mr. Wilson said, the company will never exhaust the possibilities for better, fresher, and more dynamic methods of communication until every employee knows what he's getting and its values, and understands his benefits and realizes their application to his own life and problems.

The media to be used are a matter of choice, Mr. Willis said, but whatever ones are chosen should be used to communicate intelligently, clearly, regularly, and with warm human interest obvious in it.

General Electric begins with the pre-employment phase when benefits

are explained through lobby displays, descriptive leaflets, desk visualizers, film strips and personal explanations by the interviewer. After the applicant is hired, he is given more detailed explanations through booklets, oral presentation and colored slide films. Employees on the job are reached through booklets, works newspapers, photo features, ads, editorial cartoons and editorials, posters, letters, and special reports. Supervisors are trained to answer any questions the employee may ask about the benefits.

To help its customers, Mr. Eddy said, Connecticut General Life has thrown open its research findings to all customers, offers ideas, advice and experience and supplies the background and knowledge that may be needed for a communications project.

He listed six essential principles in devising a program of better employee understanding. These include centering the communications on the employee, presenting the full story in one package at least once a year, starting the communications with the recruitment of the employee and continuing it after retirement, making the communications functional so that the employee knows exactly where he stands in the accumulation of benefits and where he will stand in the future, and channeling information through the regular management policy.

These principles, Mr. Eddy said, are not startling, but it is startling how consistently they are ignored.

Mr. Hewitt warned employee benefit managers about thinking of the employee as an abstraction. Good communication begins with the type of plan that is adopted but the most important thing to know is people, he said.

He listed five factors significant in setting up a communication program: The structure of the organization, the objectives of the communication project, the prevailing attitudes in the company, a knowledge of the benefit plan, and an understanding of the administrative structure of the plan.

Whatever technique is used, he concluded, the manager should remember he's still talking to the fellow for whom the plan is developed and the employee doesn't care how many clever ideas go into the communication or how many gimmicks are employed, he's only going to listen to what seems important to him.

GAB Names Radford to New Greenville Office

General Adjustment Bureau's Goldsboro office has extended its operation to Greenville, N. C., and transferred H. H. Radford Jr. there as resident adjuster.

He will handle losses in Greene, Pitt, Lenoir, Washington, Tyrrell and Hyde counties and that portion of Beaufort county north of the Pamlico river. Mr. Radford joined GAB in 1951.

Senate Oks Extension of Marine War Risk Plan

WASHINGTON—The Senate has passed bills that would extend for five years the government's marine war risk program and provide for bonding of District of Columbia officials and employees with the local government paying bond premiums.

Whelehan Is Given Gift

Burglary & Glass Insurance Assn. of New York has presented Thomas P. Whelehan, a past president, with a record player in appreciation of his services to the association.

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Suggests NAIA Members Provide Service on Claims-Country Wide

SYRACUSE—The annual meeting of New York State Assn. of Insurance Agents here wound up, as is customary, with the annual banquet, at which President Arthur L. Schwab of Staten Island made a presidential citation to David S. McFalls Jr. of New York City and passed out oscar to officers, executive committeemen, and headquarters staff. In addition to C. Fred Ritter of Mittletown, executive vice-president, and Craig Thorn Jr., Hudson, treasurer, oscar went to Emil T. Clauss of Buffalo, state national director and to members of the executive committee, Herbert S. Brewer of Lockport, Robert B. Douglass of Pottsdam, and Kenneth W. Haslam of Rosedale. The hard working headquarters staff of John G. Mayer, executive secretary, and John J. Jordan, assistant secretary, also were recognized with oscar for their efforts.

New members of the executive committee elected at the meeting are John N. Walsh Jr. of Buffalo, Robert J. Grab of Rochester, Richard E. Thompson of Valley Stream, and Robert B. Douglass of Pottsdam.

One of the most interesting suggestions made at the convention was that proposed by Robert J. Stearns of Poughkeepsie, that local agents establish through NAIA nationwide service on claims of insured who are away from home and out of range of their own insurer. Mr. Stearns pointed out that the direct writers, strong on price, now are stressing nationwide service. Perhaps the local agent's insurer does not have a representative in the locality where his insured suffered an accident. Service is the local agent's business and he can't lose this distinction to the direct writers, Mr. Stearns declared.

He related the incident of an insured driving in New Hampshire who was involved in an accident. Fortunately, no one was injured, but the car was inoperative. He was in a strange town. His insurer had no claim service there. The local policeman said he would get his agent to help out insured. The agent handled the situation promptly, arranged repairs, and helped on the motor vehicle report.

Why shouldn't this type of service be available through NAIA countrywide, he asked. The Dutchess county association proposes that local agents make available such consultation service to the motorist insured by a member anywhere in the country. There should be a distinctive sign, perhaps carrying the NAIA emblem, and other means used to identify NAIA agents to insured, he said. No other insurance organization could boast of 35,000 servicemen. He said it would be hoped that every agency insurer would use the NAIA identification as a hallmark of such service.

Mr. Stearns spoke at the local board forum, which has become the traditional opening session of the convention. Over the years this feature has been hammered into one of the most interesting and useful sessions of the meeting. Mr. Walsh made an excellent presiding officer. It is not surprising he was elected to the executive committee. He kept the gathering moving briskly and in the direction it was supposed to go.

M. E. Burt of Elmira discussed the confusion that exists in connection with the allowance of automobile in-

surance rate credit for satisfactory completion of a driver training school by young drivers. He said that unless the situation is made uniform and standard, and then enforced, the program is not apt to last. He suggested that the motor vehicle department restrict distribution of the certificates to schools.

The subject is being referred to the casualty committee for conference with National Bureau, including the matter of qualifying schools and recognizing commercial auto training schools and armed forces' auto training programs.

It was brought out that one company, apparently Allstate, is distributing widely notification that the bearer, a student who has completed a course, is entitled to a 10% credit in his automobile insurance if presented to an Allstate office.

Saul L. Rothschild of Westchester

county dealt with the problem of brokers and agents whose principal occupation is something other than selling insurance, but who pick up some extra dollars on the side by having such licenses. The effort here is to get legislation that will require such agents to indicate they are in the insurance business.

Mott P. Green of Orange county urged closer liaison between companies and agents on rules and forms changes. Unless agents have a chance to digest changes before the public is notified, they are in a bad position



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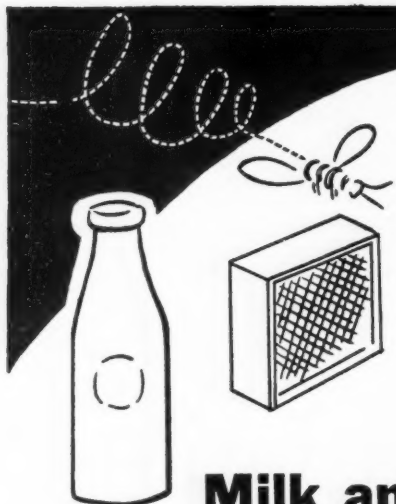
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with insured because they seem uninformed. He urged 10 days prior notice to agents on rule changes, submission of proposed changes to state association officer in advance of their promulgation for agency views, and furnishing agents with facts and figures for use as background information.

Harold Queen of Assn. of Casualty & Surety Companies discussed the speakers bureau which is about ready to operate. This will be called New York State Insurance Speakers Bureau, and is expected to establish the pattern for a standard of operation country wide. The program originally tried in Oklahoma and proved so successful that it is being introduced elsewhere. One has just been set up in California.

George A. Kramer Jr. of Williston Park, Arthur Blum of Rockaway Beach, Bruce Lent of White Plains and Louis Spec of Nyack discussed automobile dealer competition.

Between 1943 and 1954 the number of automobiles in New York state increased from 2.5 million to 4.5 million, Victor F. Veness, American Assn. of Motor Vehicle Administrators, who formerly was with the New York motor vehicle bureau, said. Agents can expect complex traffic problems and accidents with more than six million licensed drivers.

Commenting on compulsory, he said that agents won a battle last year but not a war. Compulsory appears plausible but it necessitates regimentation of 4 plus million who carry insurance to get at a relatively small percentage of persons who won't. Unfortunately, the public will not be assured of payment, if compulsory is put into effect.

Yet the accident indemnification problem has not been solved, he declared. The door is still open for some acceptable plan to give protection without penalizing the financially responsible motor vehicle operator. He warned of the administrative detail involved in compulsory, that it is not a cure-all, that it is bound to increase rates, etc. He also suggested that the uninsured driver should not be forever under FR, once he gets there. One reason for this is that some 170,000 persons in New York whose operation must be policed by the MV Bureau.

E. H. Luecke, secretary of America Fore, discussed selling. He urged agents to take a proper pride in their business and in their role as salesman. He said they should do more selling, and they should study selling methods in order to improve their sales effectiveness.

Irving W. Schwartz of the Onondaga county association opened the convention with greetings, and Mr. Brewer of Lockport responded for the state association. Mr. Thorn gave the treasurer's report. Hugh D. Combs, executive vice-president of U. S. F. & G., talked on "Competence Reduces Competition". Joseph A. Neumann, president of NAIA, discussed National association activities, and W. H. Gove of E.M.C. Recording Corp., St. Paul, made a talk on salesmanship.

E. H. Hunt, counsel of Insurance Federation of New York State; Miss Charlotte Lozier of Poughkeepsie, president Federation of New York State Insurance Women's Clubs, and Corey G. Hunter, Moravia, president of the Mutual Agents Assn. of New York State, brought greetings from their organizations.

Fred C. Saal, assistant secretary of London Assurance, made the presentation of that company's public relations

trophy to the Schenectady county association. Honorable mention citations went to New Rochelle and Rockland county associations.

The convention is noted for its hospitality, and this year was no exception. An interesting feature was the coffee hour in the morning at which Hanover Fire was host. America Fore gave its traditional cocktail party.

Among those who maintained headquarters were Aetna Casualty, Agricultural, American, Appleton & Cox, Atlantic Mutual, Boston, Chubb & Son, Continental Casualty, Corroon & Reynolds, Crum & Forster, Fidelity & Deposit, Fireman's Fund, General Accident, Glens Falls, Great American, Hanover, the Hartford, Home, Independent Adjusters Assn., Industrial-Hawkeye, London Assurance, London & Lancashire, Marine Office of America, Maryland Casualty, North America, North British, Northern of New York, Ohio Farmers, Pacific Fire, Pacific National, Peerless Casualty, Phoenix-London, Royal-Liverpool, Security of Connecticut, St. Paul-Mercury, Switzerland General, Travelers, U. S. F. & G., Yorkshire, Zurich, General Adjustment Bureau, Standard Accident, and Hall & Henshaw.

Move Cal. Bill to Alter Agent Qualification Law

A bill supported by the California Assn. of Insurance Agents for elimination of the certificate of convenience from the agents' qualification law has been recommended "do pass" by the legislature's finance and insurance committee.

The bill probably will be studied by the ways and means committee to see whether it would mean extra expense to the state and then will go to the floor of the assembly. The senate has held up the bill pending settlement of differences in the original proposal in the assembly committee. The principal change, as the bill is now drafted, was to include a requirement for prior approval by insurance department of courses prepared for applicants by companies.

Oregon Bills Advance

The governor has signed into law an Oregon measure limiting recoveries for unintentional libel by newspapers, magazines or other printed periodicals, or by radio, television or motion pictures to special damages only when a retraction has been published.

Both the house and senate have passed a bill which would permit state officials to purchase at state expense liability and property damage coverage for themselves and employees to afford protection against liability arising from performance of their jobs. The house and senate have also passed a bill which would increase the requirements for foreign surety companies to \$500,000 capital and \$250,000 surplus and half these amounts for domestic sureties.

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Developments in Auto Insurance Marketing

(CONTINUED FROM PAGE 37)

automobile policy stays on the books.

For example, studies have shown that the cost of paper alone in the standard automobile policy adds about 5 cents to 15 cents per policy. Direct labor cost of preparing the policy averages for many agency companies between 10 cents and \$1 and company overhead to around 10 cents per policy.

Thus one can safely say that the expense of issuing a policy to both company and agent will total between 25 cents to more than \$1. This expense is wasted for all renewal policies which are prepared by the thousands of agents in advance of the policy anniversary and are not taken by the policyholder or returned for flat cancellation. According to other recent studies, many agency companies find that between 25% to 50% of all private passenger car automobile renewals are not taken. The savings thus experienced through mere elimination of expense of printing and preparation of renewal policies which are returned for flat cancellation or are duplicates of a previous unendorsed policy appear to be tremendous. Does your company or agency know the length of time it is keeping the average automobile policy on the books? What is the ratio of your "not taken" policies to the total number issued? What is this adding to your expense?

Policy writing has been another process where great improvements have been made through mechanized means. Some companies issue the actual policy as well as the renewals on punch card equipment. Other companies request that agents complete the application form with a ball-point pen and through photocopy methods eliminate all typing as well as reduce checking of errors. Some companies again have gone as far as letting the agent issue the contract directly in the field, while others believe that this reduces the dignity of the contract. The variety of policy issuing procedures used suggests no approach has become generally accepted.

The requirement to have the premium paid at least in part at the time the application is submitted is enforced by a growing number of companies. This policy has several benefits. It eliminates the 45 day flat cancellation period with its free insurance feature; it reduces collection cost; there is no hazard of loss from the bankrupt agent, and it makes the money earlier available for investment purposes.

The question of whether or not the company should bill insured directly as is the practice in the life insurance business, has become a controversial issue. The proponents claim that tabulation machines enable them to perform this function at a lower cost. The opposition feels that it is more important for the agent to retain his own issue privilege.

Much of the present controversy in connection with some of the above mentioned issues may come to a head through the introduction of electronic data-processing equipment. While there are a number of opinions as to the time when such machines will be put into practical use, it would appear that this step will make the established concepts of insurance accounting and processing antiquated. In other words, in the not too distant future, a magnetic tape will be probably completed at the same time a policy is written by the agent or district office and all other functions will then be performed from

information contained on this tape. However, an important note of caution must be inserted here of not expecting too much from these electronic brains.

Furthermore, as pointed out at the beginning of this article, it is only a fraction of the present distribution costs which can be lowered through adoption of this type of equipment. Insurance will still have to be merchandised and it is companies with better market planning, better selection training, compensation and supervision, and better performance in some of the other areas discussed which can still be expected to excel their competitors even if the latter have the most elaborate electronic setup.

Conclusion. In conclusion, it becomes obvious that while there is no one system or scheme which provides an all-out solution to automobile insurance distribution, there are definite techniques or approaches to the problem which have proven their superiority. However, they are not universally applicable, but must be tailored under expert guidance to the individual requirements of a company or agency. As the insurance buyer is becoming more and more sophisticated and educated in the mysteries of the insurance business, he will demand better service at lower cost. A healthy balance must therefore be maintained between reducing expenses on one hand and rendering a satisfactory professional insurance service on the other hand. The company and agency which can be expected to lead in automobile insurance merchandising are those which have the courage objectively to evaluate the factors and trends in terms of their needs and combine this fact-finding process with creative planning and action looking toward the future.



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No Damaging Insurance Legislation Seen in Mich.

LANSING, MICH.—No damaging insurance legislation appeared to have a possibility of enactment at the current Michigan legislative session as it started into the "home stretch" toward June 3 adjournment.

Under the timetable set up by the adjournment resolution all bills were dead which had not been passed by their houses of origin. This provision had killed off a number of objectionable measures including compulsory automobile and disability proposals.

Among the bills barely clearing the barrier with a good chance for final passage is one introduced by Rep. Bowerman, Lansing, doubling the personal injury liability provisions under the financial responsibility act, bringing it to \$10,000/\$20,000, and increasing the property damage liability requirement from \$1,000 to \$5,000; another contains the provisions of the Bowerman bill, amending a different section, plus a requirement for reporting accidents entailing property damage of \$100 or more but makes it unnecessary to invoke the license suspension provisions of the act if no information is filed in such cases within 50 days.

Also, a bill permitting mutuals to write a "non-assessable" policy if they have unencumbered assets amounting to one third of 1% of their total insurance in force; one reducing the fire fund balance to \$250,000, permitting payment of losses up to \$50,000 by the auditor general but requiring legislative action for higher payments aside from a \$5,000 preliminary expense al-

lowance, also removing the requirement that the insurance department chief rater determine needs and allocate coverage; and another which fixes a \$100,000 ceiling on individual liability on liquor license policies and \$300,000 group cause of action liability.

Senator Robert Faulkner, Coloma, offered a concurrent resolution, referred to committee, providing for creation of a special study committee to consider labor-management relations and operations of the employment security and workmen's compensation laws. The proposed committee would consist of three senators and three representatives.

Name Ziegler to Head So. Cal. Marine Underwriters

LOS ANGELES—Marine Underwriters of Southern California elected the following officers: President, George W. Ziegler, marine secretary, Founders' Ins. Co.; vice-president, Sirl E. Knight, special agent Great American group; secretary, Robert Williams, inland marine superintendent Fireman's Fund; treasurer, Walter Baumhefner, superintendent marine department, Hartford Fire.

Vincent Nuccio, vice-president of Insurance Brokers Exchange of California spoke on "The Rating and Coverage of the Commercial Property Floater."

Leather Poisoning Compensable

Gov. Muskie of Maine has signed into law a bill making leather poisoning a compensable industrial disease under workmen's compensation.

Empiro Publishes New List of its Members

Multiple Peril Insurance Rating Organization has released an up-to-date list of members and subscribers.

Groups belonging to the organization are Aetna Fire, Agricultural, Atlantic Mutual, Boston, Cimarron, Employers, Fire Association, Fireman's Fund, Glens Falls, Great American, Home, National of Hartford, National Union, New Zealand, Northern Assurance, Norwich Union, Pearl-American, Phoenix of Hartford, Providence Washington, St. Paul, Scottish Union, Security and Selected Risks.

Individual member companies are American of Newark, American Surety, Bankers F. & M., Camden Fire, Central Surety, Cherokee, Dubuque F. & M., Farmers Fire, Industrial Indemnity, Maine Bonding & Casualty, Pacific Indemnity, Peerless Casualty and Progressive Fire.

Group subscribers are American Casualty, American Home, Atlantic Mutual, Chubb & Son, Continental, General Accident, General of America, Gulf, Hanover Fire, London Assurance, Merchants of N. Y., Meserole, Millers National, North America, Northern of New York, Northwestern National, Republic of Texas, Springfield, State Farm, Trinity Universal, Western, and Zurich American.

Individual company subscribers are American Liberty, Berkshire Mutual Fire, Birmingham Fire of Alabama, Buffalo, California Casualty Indemnity Exchange, Chester County Mutual, Dixie Fire & Casualty, Equitable Fire, Excelsior, Farmers Mutual Fire of Delaware, Fire & Casualty of Conn.

General Guaranty, Hartford County Mutual Fire, Indemnity Marine, Monticello, New Castle Mutual, Norfolk & Dedham Mutual Fire, Penn Mutual Fire, Secured, South Carolina, Southern Fire & Casualty, Southern General, Switzerland General, Utah Home Fire, Vermont Mutual Fire.

43 Are Indicted in N.Y. In Fake Accident Scheme

A New York grand jury has indicted 43 persons as members of a ring that faked automobile accidents to bilk some 17 insurers of \$100,000.

District Attorney Hogan, who called the mass indictment the biggest in the history of his office, said two men who were damage appraisers on a contractual basis, Eddie Rosenthal and Walter E. Howard, recommended settlements in "paper accidents" staged by others. However, the accidents never occurred, he said.

In addition to the "paper accidents" the group involved in the scheme occasionally filed a personal injury claim. The group preferred to represent its accidents as involving Cadillacs in order to collect higher settlements and Mr. Hogan said 3-car collisions were favored as three separate claims could be made.

New Phoenix, Conn. Office

Phoenix of Hartford group has opened a new office at Grand Island, Neb., and named Special Agent William H. Neale in charge. He was formerly at Omaha. Company operations in the Grand Island section of the state will be handled through the new office.

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Stresses Use of Insurance as Business Raw Material

(CONTINUED FROM PAGE 15)

different technical problem arises, but again, it is one that the buyer should understand. A WC policy is the only futures commodity contract known to modern business which contains commodity commitments unlimited both as to time and amount. Most industries make contracts to buy or sell things to be delivered in the future at a price agreed on today. However, in all these contracts there are limiting clauses. The number of units of the item bought or sold is definite. The delivery times are stated and limited. How can anyone consider agreeing to sell at a firm price to be agreed on today as many units of his product as the buyer might hereafter decide to buy for the next 30 years?

Yet WC insurance is a commodity for future delivery on just that sort of basis. The insurer has taken an agreed price today and has promised to deliver as much hospital care, nursing care and doctor's care as may be required by insured during the year the policy is in force. That care may well extend 20 to 40 years into the future. What will a day in a hospital cost in 1985? The insurer has had to guess and so have its reinsurers.

This problem, of course, is not created by either buyer or seller. It is created by state statutes which have had the unlimited medical feature written into them. At present there are unlimited medical provisions, in one guise or another, in the compensation laws of 36 states.

Assuming that buyer and seller have become reconciled to the price and the coverage and the hazard, there remains one further step in the transaction in which the buyer has no direct interest but a very real indirect interest. Mr. Lowry pointed out that when an insurer writes an individual policy for very large limits, the process of spreading the risk of shock loss is by no means finished. An intricate process of reinsurance is immediately set in motion, designed to spread that potential loss among a great many other insurance institutions. In casualty, such a risk will normally be reinsured by the insurer keeping a relatively small amount of first exposure and a professional reinsurer agreeing to assume the entire excess above that amount. The professional reinsurer in turn reinsures his obligation on the same basis and his reinsurer will again reinsure. In each stage of the transaction the insurer or reinsurer looks only to the particular reinsurer with which it deals and knows nothing of and has no control over subsequent successive reinsurance stages. A very large risk will, in fact, end up widely spread—sometimes all over the world. There are big losses paid in dollars by a good American company but before the transaction is finally closed, checks probably will have been drawn in pounds, francs, lira, marks, pesetas, dinars, krona, rupees, drachmas, yen—and possibly a lot of other currencies as well.

Here again, as in the original insurance transaction, the reinsurance process is mechanical and not magical. Reinsurance does not cause the loss to disappear and it does not permanently shift its incidence. A reinsurer, like the original insurer, must receive enough premiums to pay its losses, plus its overhead, plus a modest profit—and if the original insurer does not pay that kind of reinsurance premium, he loses

his reinsurance—and that goes for each reinsurance step in the reinsurance transaction.

The original insurance buyer has a very real, if indirect, interest in these reinsurance transactions. If the insurer assuming the original policy cannot purchase reinsurance, it generally cannot—or will not—write the policy in the first instance. And the reinsurer will not reinsure it unless he in turn can buy reinsurance—and so on to the end of the spreading process. The original premium, therefore, must be one which is reasonably satisfactory, not

only to the insurer which writes the policy but to the whole chain of reinsurers as well. When a big casualty policy is sold, the risk is known and viewed with confidence or skepticism by a great many insurance institutions of which the buyer has never heard.

Every business has problems peculiar to it, Mr. Lowry said, and buyers can profit by understanding some of those of insurance. Despite its problems, the insurance business does a pretty good job—and is constantly trying to do a better one—not only for its stockholders

but for the industries and the public it serves. It is a vital and growing business and as it has grown, it has steadily extended the scope and nature of its services.

The insurance business and other businesses are not on opposite sides of the fence, he said. They are partners in the industrial fabric of America. Insurers are large buyers of the securities of other industries and one of their best sources of capital funds. Their interests and fortunes are inextricably combined, they share the same prosperity and the same bad times, for the same reasons.

MOMENTUM

Just as the fly wheel of an engine will run after the power has been reduced or cut off, so will a business that has been sustained by advertising continue to function even after its advertising has been curtailed or suspended.

This is one of the misfortunes of advertising. It is one of the factors that leads to false conclusions and sometimes to a decline in business that is hard to remedy.

For example, a company desiring to save money, resorts to a retrenchment in advertising effort. The size of the space is decreased and the frequency of the insertions reduced. Sure enough, the fly wheel does not stop. It continues to go around. The company thinks it is getting just about the same results as it did before.

But the situation is not the same. There is a change, and it is for the worse. Momentum is diminishing. Good will is less widespread. Gradually, almost imperceptibly, there is less of a forward movement in evidence. A decline in premium income for the month, the loss of an agent who is not replaced by another, a slight letdown in the morale of the agency organization, these are the things that slow down the progress of the company and may not be noticed until harm has been done and only a long and often costly process of rehabilitation will repair the damage.

Advertising is selling power. Like other power, it cannot be cut off or reduced without impairment in performance. Only a sustained, steady flow of advertising will keep a company functioning at the maximum of efficiency and profit. "On and off" advertising will not do a job for a company any more than an intermittent flow of power will keep a dynamo running.

The NATIONAL UNDERWRITER

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Number 26 of a series.

Allstate Says Automation Cuts Cost of Policies

(CONTINUED FROM PAGE 1)

mining the cost per policy, the mail desk operation, number of index operation, rating of policy, addressograph, stenographic and ledger work, etc.

On cross-examination by Abraham Kaplan of Powers, Kaplan & Berger, counsel for NYFIRE, the witness said

that the concept of the work to be done was arranged in his firm's New York office, he had had no conference at the Allstate main office in Skokie, Ill., before starting the study and he had not made any analysis of the records at Allstate's head office.

Mr. Kaplan asked him if he had a

record of the number of policies inspected at the Long Island branch and Mr. Ellis said about 25,000 auto, 2,300 fire and 3,000 comprehensive personal liability policies were checked for the three-month period covered by the study.

Asked how many employees he dealt with in the study, Mr. Ellis said 685, of which 265 worked on claims, 100 on sales, 240 writing and servicing, 35 underwriting and 45 doing personnel, general accounting work, etc.

He said the cost of issuing a policy as shown by the study did not include home office supervision nor general administrative cost.

Mr. Kaplan wanted to know if the cost per policy might change during some periods of the year because of, say, endorsements to fire policies.

Mr. Ellis said if the ratio of endorsements changed from one to each four policies issued to one for each three issued, the cost would change. He also said he wasn't asked to determine the share of auto policy cost in general expense in 1954 and there were no computations made for adjusting cost.

He also told NYFIRE counsel that he considered the branch office operation efficient.

If stock companies produced policies in the same way as Allstate, would the costs be the same, Mr. Kaplan asked. The consultant replied he couldn't say.

James A. Reynolds, Jr., Allstate vice-president in charge of services and operations, including purchasing and accounting, testified that the company's mass production system of processing policies enabled it to issue fire and auto policies at reduced rates.

He explained the company's addressograph system which enables it to record on a small size metal plate information on insured, including address, amount of policy, if property covered is mortgaged, when premium is due, etc. The addressograph is capable of imprinting about 5,000 such records per hour.

An R. C. Allen machine used by Allstate enables it to make three copies of a daily report at a time, of which one copy goes on the policy, another to file and the third to mortgagee. Mr. Moser showed a specimen policy used by fire stock companies in New York which is typed.

The two machines described by Mr. Reynolds are also used for renewal of policies. Under Allstate's system, when a renewal is effected only a certificate is sent insured, one that requires no typing. The witness said the manpower savings through the use of the machines was tremendous. The same girl who operates the Allen machine is also in rates business.

Also described was an ozalid machine used by Allstate branch offices, a dry process used to reproduce forms or copies, including letters.

In addition to IBMs, Allstate uses an electronic digital computer which processes its experience by class of business. The report required 1,800 man hours before installation of an IBM 100 hours after. With the computer only 12 hours are required to do the job, Mr. Reynolds said.

Allstate can also produce the figures on compensation of agents in three hours, a job that required two people 11 days before installation of the new equipment. Two phases of change over in equipment will result in a savings of \$144,300 per year.

Mr. Moser introduced a chart showing that in 1954 the average number

of policies in force per employee was about 370.

Other companies have visited Allstate to observe its equipment in operation and Mr. Reynolds has visited other companies, he testified.

Mr. Kaplan asked him if he saw IBMs in operation when visiting other companies and he replied he had. He said that the computer was purchased at a cost of about \$160,000 and when complete will cost about \$219,000. It replaced rented equipment.

Mr. Reynolds was asked if on his visits he was informed that stock companies had a committee studying time savings devices and he replied he had heard about them.

Mr. Kaplan questioned Mr. Reynolds about the proportion of office expense to earned premiums in an effort to prove a contention that even with the modern equipment Allstate had installed office expense was still taking a good cut out of the premium dollar.

NYFIRE counsel introduced an Allstate fire policy which contained three endorsements typed in and one written by hand. He asked if the machine could handle endorsements. Mr. Reynolds said no, not on that particular policy, but such endorsements are not on every policy. In answer to a question by Mr. Holz he said that in his opinion the majority of Allstate policies would not contain any typing.

Mr. Kaplan then read an article which said, in part, that even when an office is mechanized to the highest degree it was still necessary to retain clerical help and asked Mr. Reynolds if he agreed. The Allstate executive answered that for some work clerical help is needed.

Mr. Kaplan contended that in the opinion of the business there is still no certainty that savings through mechanization would outweigh expenditures.

Of Allstate's total automobile business in 1945, \$42,760,000 was commission free, it was testified by Clarence B. Kenney, senior vice-president, who is in charge of determining price and the development of new products.

Mr. Kenney was questioned by Joseph M. Proskauer of Allstate counsel about where the company was licensed to do business—in all states—and its history.

Introduced as exhibits were a consolidated statement of Allstate companies showing business and expenses from 1943 through 1954 as well as the number of agents, and a chart showing renewal percentages from 1946 through 1954.

The chart shows 89 as the renewal percentage in 1954 on a net basis (CONTINUED ON PAGE 49)

NO. 1 OF A SERIES



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charge was not too experienced in automobile matters however knew that losses don't wait and so succeeded in convincing the prospect that he should act at once. A binder was immediately executed with a copy to the assured and a copy mailed to the Company. Early Monday morning the assured was in our office asking if the piece of 'paper' given him on Saturday was any good. When told that it was he said the private garage where he stored his truck had burned Sunday morning, and that his truck had been totally destroyed. When he learned that his loss would be taken care of promptly tears of joy and gratitude ran down his cheeks. He had purchased this pickup truck second-hand from money he had saved over a long period out of a laborer's pay and it certainly made us feel good to think that the fact that we had our office open prevented what for this man would have been a most disastrous loss."

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and similar covers



(CONTINUED FROM PAGE 48)

and 79% on a gross basis. Net renewal percentage relates the number of policies renewed in a given year to the number of policies remaining in force until expiration date during the previous year and the gross renewal percentage relates the number of policies renewed in a given year to the number of policies issued during the previous year.

In Texas, which has a uniform rate law, Allstate pays dividends of 15% through participating policies.

Mr. Kenney explained Allstate agents receive a commission and salary and are paid monthly, the salary based on business done over the previous six months to give them a stabilized income.

He said agents who sold auto policies now sell fire as well, they have the same supervisors and get the same commission.

Mr. Moser introduced exhibits showing the percentage of dwelling transfers in New York City in 1954 and the turnover in cars in the United States.

Three overall commission charts showed how commissions would decrease over a ten year period on (1) the basis of the same amount of new fire business annually; (2) if there was an annual increase of 10% in the amount of new fire business and (3) if there was an annual fire business increase at the same percentage as auto business from 1945-54. The charts also showed how commissions would decrease with renewal ratios of 50, 60, 70 and 80%.

There were 16.47 accidents for each 100 of Allstate's auto policies in 1954 with an estimated five fires per 100 policies. The physical damage frequency was 18.6 per 100 and comprehensive personal liability 19.7 on the same basis.

Mr. Kaplan discussed with Mr. Kenney the breakdown of expense ratios. He asked if the 8.7% for general expense Allstate listed in its April 18 memorandum to Mr. Holz was spread over all fire dwelling classes of stock companies. The witness said yes.

He tried to find the experience in dwelling classes but it was not available, Mr. Kenney said, and Mr. Holz commented that he had been trying to find that out since the hearing started.

The Allstate memorandum listed 42% for commission and brokerage, other acquisition, general expense, taxes, licenses and fees and loss adjustment expense and Mr. Kaplan asked: If that was added to the 60.1% extended coverage losses for stock companies nationally in 1953 wouldn't Allstate show an underwriting loss? Mr. Kenney said on that basis there would be a loss.

Mr. Moser interjected that the stock companies would also be operating at a loss. He also said that EC losses in 1953 in New York amounted to 33.7% of earned premiums.

Mr. Kenney said that from 1936 until 1944 or 1945 Allstate operated in New York on a participating policy basis. Mr. Moser said it wasn't until 1946 that the department permitted an independent filing. Previously the department encouraged membership in rate making organizations as it wanted a uniformity of rates.

L. G. McKnight, fire manager of Allstate, testified that filings such as was made in New York last August were made and approved in 27 other states, including Louisiana, where a company is required to be a member of the fire rating commission.

Mr. Moser introduced a letter Mr.

McKnight wrote Dec. 8, 1953 to NYFIRO asking for rule books, dwelling schedules, town classification lists, and a complete set of forms for each division, and requesting that Allstate be put on the mailing list for subsequent corrections. Allstate offered to pay whatever charge is necessary.

The letter was answered Dec. 14, 1953, by H. S. Stanley, general manager of NYFIRO. He regretted that NYFIRO could not comply with the request because the material is furnished only to affiliated companies and their representatives.

When asked by Mr. Moser if he would renew his offer, Mr. McKnight said he would.

The Allstate executive agreed that he thought NYFIRO's dwelling fire rates were adequate and said if it should seek a change in the rates Allstate would also do so. He opined that Allstate can write at a cut rate and observed that the number of endorsements for fire policies were less than for auto.

Mr. McKnight also praised Allstate's system of requiring a person to pay the premium before it goes into effect. He said flat cancellations with a company with which he was formerly associated ran from 5 to 12% and were a headache.

A chart introduced covering a 9-month period of Allstate business nationwide indicated that the average fire premium on a dwelling with contents was \$27; for dwelling only \$22; on contents in apartment houses \$9.50 and contents of a dwelling \$8.75.

The Washington state commissioner rejected a 20% cut in rates requested by Allstate on April 4, but Mr. Moser said that within three weeks a 20% cut was filed by it for stock companies.

Mr. McKnight said he thought that the handling of mercantile risks was more costly than dwelling fire risks, but was unable to show any figures.

During the course of the hearing Mr. Holz commented that he didn't know if all rates were made on the suppositions put forth at the hearing, but if they were, he thought there was room for improvement.

Allstate then swung into the cost of renting store space. Mr. Proskauer introduced as evidence a letter written by Carson, Pirie, Scott & Co., Chicago department store, stating that it charged an insurance agency \$1 rental per square foot per month, including lights, heat, elevator service, etc.

William J. Demorest, president of William A. White & Sons, New York real estate firm which manages some 100 buildings, was then accepted by Mr. Holz as an Allstate witness on rentals.

Mr. Proskauer asked the witness if he thought Allstate's system of paying Sears Roebuck for space it occupies in its stores was fair and he replied he thought it was.

Allstate counsel said it had been testified by Paul T. O'Keefe, a real estate expert, that the company should pay Sears 10% of the business attributable to the space leased in a store for rent. "That is unfair," Mr. Demorest said.

Mr. Holz asked if the witness knew of any concession that pays a rental of \$400 per year per square foot of space. Mr. Demorest said no.

Mr. Kaplan wanted to know if he had ever gone to a department store to obtain space for a tenant and was told by Mr. Demorest that he had not. Mr. Kaplan also brought out that the bank Mr. Demorest surveyed to deter-

(CONTINUED ON PAGE 52)



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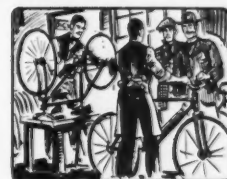
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Joint Effort on Competition Is Urged by W. S. Chandler

(CONTINUED FROM PAGE 6)

collection and handling costs through the consolidation of policies.

A production program geared to concentrate on those classes which the specialty companies are not equipped to handle is good, long-range management.

Because of the personal service factor needed in combatting the mail-order type of cut-rate specialty competition, the agent who expects to continue to be prosperous will find it necessary to add to his selling staff. This step will become inevitable because there is a limit to the number of accounts one man can handle properly and because top-grade service is the only way an agent can justify the principle of doing business on a commission basis. More volume will absorb the solicitor's expense and result in greater agency solidity.

Mr. Chandler told the agents that indifferent service is the Achilles heel of the agency system. The loss of business through failure to properly protect a client's exposure, resulting in an uninsured loss, is certainly an indictment of the agency system. A great deal more than just the account is lost because insured will feel entirely justified in continually passing the word about an agent's failure to service his account.

Every agent should re-assess the quality of his own service so as not to be found wanting when the time inevitably arises for his clients to pass judgment.

It is essential for agents to make their clients fully aware of the value, variety, and sterling quality of the many services they render and clearly show the sacrifice in service and convenience the client faces if he elects to take advantage of the lower cost. Stop being modest, he told the agents. Mr. Chandler urged them to tell every client

frankly and repeatedly their service is superior and that they are on insured's roll and available to serve him on a 24-hour basis. People like personal attention. The more they get, the better they like it.

The best weapons agents have to fight competition are their personalities and a sound basic knowledge of the business. Armed with these and determination to serve, they can provide their clients with the best possible protection at reasonable cost.

The biggest problem in successful agency management today is the lack of time to give 24-carat service! Therefore, anything that saves and gives an agent the time to sell and perform his obligations to his clients makes money for him.

It is imperative then that the agent divorce himself to as great an extent as possible from office routine and detail and develop sufficient personal discipline to adhere to a time management control program.

If an agent isn't satisfied with his present "net" and desires to reduce his crop of ulcers, then he should consider acting on the following success formulas which have been given him by outstandingly successful agents:

(1.) Give each operation a good "physical", one phase at a time. View with an eagle eye every phase of agency activities which has failed to function at top efficiency. Check himself. Determine how to modernize and streamline office operations. It is of the utmost importance to discard archaic systems and methods. Re-examine and re-appraise. There is every likelihood that new ways have already been found to do a better job with less cost and effort.

(2.) Rid himself of maximum detail by training his staff and delegating responsibility. Augment the staff if necessary. Exercise close supervisory control.

(3.) Establish and adhere to a sales plan and make the office staff "sales conscious".

(4.) Maintain rigid personal discipline on how his time is spent.

(5.) List and classify agency expenses for the past two years. Analyze them carefully and ascertain what reduction can be made, no matter how small. Calculate the percentages of net profit and expense and compare with a friendly competitor similarly situated and with the national averages.

Mr. Chandler advised the agents not to try to do this all at once. It is a real job, but if an agent follows the formula as outlined he will receive dividends that will bring joy to his heart and add cash to his bank account.

The only yardstick an agent has to measure the capability of his management is the "net profit" he makes.

Although getting more profit mileage out of the commission dollar is a worthy objective, it should be kept in mind that there is a limit to the amount of "net" that can be taken out of the business and still live up to the service creed of the agency system, he said.

Cal. Bill Increases FR

The California legislature has passed a bill amending the motor vehicle code to provide for increased financial responsibility at 10-20-5. The bill also provides for an increase in the cash deposit provision from \$11,000 to \$25,000.

Elect at Pampa, Tex.

New officers elected by Pampa, Tex., Insurance Exchange are Ray Duncan, president; John Campbell, vice-president and John Schunid, secretary treasurer.



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Burglary Claims Still on Rise in St. Louis

ST. LOUIS—Insurers writing holdup and burglary lines in St. Louis have been experiencing extremely poor results since Jan. 1, 1954, and the situation is worsening. Last year companies were reported as paying out a record sum in claims under holdup and burglary policies, and for the first months this year claims are said to be running well above those for the same period last year.

There are reports that many St. Louis offices have been directed by their home offices to hold up issuance of June renewals on such business. Generally it is felt there will be a general upward rate adjustment. There has been no major increase in casualty rates here for many years.

James R. Searles, resident vice-president of Fidelity & Deposit, as president of St. Louis Casualty Executives Assn., commented: "The loss experience rate for most companies writing burglary and holdup policies is the worst in the history of St. Louis. It is a very serious problem and seems to be getting worse."

Insurance men also are greatly concerned with the automobile theft situation in the St. Louis metropolitan area.

The St. Louis police department is making efforts to combat criminality and has instituted split shifts to increase manpower at night.

Describes Program to Halt Bank Crime Wave

A program designed to halt the current crime wave against banks was described to Surety Underwriters Assn. of New York City by A. W. Jackson, vice-president of Diebold, Inc., Canton, Ohio, manufacturer of safes and bank protection equipment.

Mr. Jackson said the program entailed insistence by the underwriters on a security program by banks with full weight on proper security measures exercised by bank personnel; coordination of that program with municipal, county, state and federal law enforcement agencies, and proper use of protective equipment to stop or frustrate holdups or to minimize their effects.

He asserted that crimes against banks can be stopped effectively by removing the main attraction for robbers through the proper use of protection equipment and placing more of the "ready cash" under delayed time lock protection.

The field men of the surety companies should survey the security measures now taken by each insured bank, Mr.

Jackson said. They should then make specific recommendations for completing its plan of protection, each bank employee should be rehearsed thoroughly in the steps of the security plan for which he is responsible, and both surety company representatives and bank personnel should be completely familiar with the protective equipment installed in the bank and with its proper uses.

Electronic Computer Installed at Allstate

Allstate has had installed in its home office a quarter-million dollar electronic computer. In the medium size class it has a large capacity memory drum, and is extremely flexible and capable of a variety of operations. Known as the Datatron, it was built by the ElectroData Corp. of Pasadena, Cal.

A five-man crew, including two mathematicians and an engineer, operates and maintains the Datatron under the direction of L. L. Oosten, methods research director. The research staff is also carrying out a program of experimentation with the computer with the expectation of gaining greater knowledge of electronic data processing leading to new ideas and methods benefitting the company.

Flanders Is Resigning from Mass. Brokers Post

Malcolm B. Flanders, executive secretary of Insurance Brokers Assn. of Massachusetts since 1950, is resigning effective July 31. He has not disclosed his plans. He has been in insurance for nearly 20 years.

Garage Plan Names Londeck

Winfield W. Londeck has been appointed field supervisor in southern California for the Available Garage Plan. He has had experience as a company adjuster and as an automobile repair man and shop foreman. Most recently Mr. Londeck has taught body and fender work at a Los Angeles high school.

Southern F. & C. Names Keefe

John W. Keefe Jr. has been elected vice-president in charge of underwriting for Southern Fire & Casualty. He has been with the company since 1951 when he started as casualty underwriter and has been manager of underwriting for a year and a half. He has been in the business for 23 years.

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Allstate Cuts Costs of Policies

(CONTINUED FROM PAGE 49)

mine the cost per square foot for an insurance department was arranging for leasing space for itself as it was in the insurance business.

Allstate paid more rental on a per square foot of space occupied than did such concessions as those selling tobacco, luncheons and foods, Mr. Demorest brought out. Of 14 concessions, all of which paid a percentage of sales to Sears for rent, only two, both handling optical goods, paid more in rental space than Allstate. One paid 25.27% of its sales and the other paid 21.20%.

The comparison shows that concessions in Sears stores paid as low as \$3.25 per square foot for rental on a percentage of its sales to a high of \$26.28—one of the optical concessions. Allstate's paid rental ranged from \$6.01 to \$15.93 per square foot.

Mr. Kaplan asked if the good will of a store has an influence on the rate. "Yes, to a degree." "Will you agree," NYFIRO counsel asked, "that when you go into a department store of good reputation the usual arrangement would be a percentage of sales?" Mr. Demorest agreed.

Mr. Proskauer was backed up by the witness in his contention that a store in which fire insurance is sold benefits by an insurer bringing people in as well as the other way around.

Mr. Moser recalled to the stand Scott Harris of Froggart & Co., under whose directions exhibits were prepared showing Allstate's expense ratios compared with those of stock companies, exhibits Mr. Moser termed distorted.

Referring to a specific exhibit which showed Allstate's expense ratio a 42.4 compared with 44 for stock companies, Mr. Moser elicited the fact that for stock companies commissions and brokerage had been related to written premiums, but for Allstate the comparison was based on earned.

"Is that a fair comparison," Mr. Mo-

ser asked. Mr. Harris said the percentages would be changed." He conceded that the ratio the way it was was not on a comparable basis.

John R. Barry, president of Corroon & Reynolds, was questioned by Mr. Kaplan. Mr. Barry said that mutuals could not pay dividends competing against a 20% cut in NYFIRO dwelling fire rates. He said NYFIRO companies are obligated to see that rates are high enough to keep mutual companies in operation. He said he also believed an independent filer has to take into consideration the rights of mutuals to operate.

He explained that NYFIRO companies have a town classification system and if a company says it won't be bound by that classification it is discriminating against insured in other towns. "If a company doesn't want to use our system, it must have a system of its own to prove it uses some system and formula for grading all communities."

Mr. Moser then asked if it was true that mutual companies can operate in New York with a lower expense ratio than stock companies in the fire business and pay dividends. Mr. Barry replied they do it, but are not committed to do so unless they make the money.

Mr. Moser wanted to know why "all stock companies in the state have a differential in mercantile and dwelling business. Is it because they are all striving to get business?" he asked. Mr. Barry said he wouldn't agree with that.

Mr. Barry said it was more difficult to rate a mercantile risk than a dwelling risk and started to elaborate, but was stopped by Mr. Moser who asked "so that your items of general expense and other acquisition are rated for higher expenses in mercantile business?" Mr. Barry said that was correct.

Ill. Agents' Regionals Featuring New Forms Skit, Current Trends

The regional meetings scheduled throughout the state of Illinois by Illinois Assn. of Insurance Agents reported in an earlier edition of THE NATIONAL UNDERWRITER started out very successfully last week with sessions held Tuesday through Friday for the northern meetings at Aurora, Rock Falls, Galesburg and Champaign. The southern meetings are continuing this week Tuesday through Friday in Jacksonville, E. St. Louis, Cairo, and Lawrenceville in that order.

An outstanding feature of the first week's sessions was a skit on forms 49-D and S. Participants at the northern meetings were G. R. Nordgren, Automobile; James D. Streich, St. Paul F. & M., and Eugene F. Snediker, Home. Southern skit members are James H. Rupp, American; Stanley S. Swanson, Crum & Forster and Jack Irish, Excelsior Fire.

In a novel presentation, Mr. Nordgren portrayed the part of an agent in the I. M. Kuntfuz Agency and Messrs. Streich and Snediker represented forms 49-S and 49-D respectively, come to life. The skit began with Mr. Nordgren attempting to answer by phone a myriad of calls on losses which in turn entailed getting in touch with the adjuster to find out which forms covered what. Eventually his task makes him sleepy and as he dozes off he is heard saying that everything would be so much more clear if only forms could come to life.

This they did in his dreams and, properly labeled, stood on each side of him as he questioned them on various aspects of the specified perils and all risk covers. He also queried them on how to get rid of the deductibles and when to use one form instead of the other. This new approach to some of the perplexing questions which have arisen in use of the new forms met with great enthusiasm from the agents present, so much so in fact that the members have been asked to give the skit again this fall at the agents' state convention at the Edgewater Beach hotel.

H. W. Mullins, president of the association, was the luncheon speaker at the Sterling-Rock Falls & Aurora meetings. F. H. Hawk, Peoria, past president, spoke at Galesburg, and Edward J. Dirksen, executive manager, handled the subject "Today's Value of Associations" at the Champaign meeting.

Luncheon speakers at the southern meetings this week, on the same subject, are William P. Morrissey, Alton, association chairman, Cairo; W. H. Redeker of Centralia, national director, E. St. Louis, and E. D. Watson, Vincennes, vice-president Indiana association, at Lawrenceville.

Walter J. Bremmer, Hartford Accident, Chicago, handled farm liability and compensation at the northern meetings and is doing the same at the southern gatherings. Insurance legislation in Illinois and proposed rate changes were discussed at the northern meetings by the following Chicagoans: W. F. Kuffel of Kuffel, Eggert & Co.; Nels Ulseth of Bronson-Dennehy-Ulseth; Edwin P. Simon, Critchell-Miller, president of the Chicago board and W. W. Krom, executive manager

of the Chicago board. Kevin Burke, IAA administrative assistant, is speaking on legislation and rate changes at the southern meetings.

Comprehensive liability was handled at the northern clinics by Theodore J. Harris of Maryland Casualty, and Paul Christine of Employers Group is preparing a similar function this week.

President Mullins in his remarks deplored the practice of some companies and agencies who profess to believe in the American agency system accepting business from producers who serve direct writers. He opined that no insurance market which is presumably that of independent agents should ever be available for any direct writer or any representative of any direct writer. The fact that any direct writer or its representative might hold a broker's license or write all or part of its business through wholly owned or controlled agencies does not take the transaction out of the "direct-writer" category, he said. Any independent agency which has a part in such a transaction by accepting business from such a representative of a direct writer and passing on to an agency company market, "so far as I am concerned, is unworthy of membership in this association or any local board of similar association".

"If our companies or associations of our companies which write specialized coverages, such as aircraft coverages, have any knowledge or reason to think that their quotations or policies issued are to be delivered to the insurance buyer by a representative of a direct writer, they should refuse to quote or issue a policy. If without their knowledge such a policy is issued, when they are aware of the condition, the policy should be cancelled immediately. If they have any reason to believe that any agency offering them business might be obtaining this business from direct writers, they should take necessary steps to determine who the originating producer might be."

Mr. Mullins suggested that if any such transactions come to the agents' attention, they should report them to the association which will protect the interests of its members by appropriate action, and "if they cannot be dealt with effectively at the state level, it may be necessary to consider the problem from a national level."

Mr. Mullins also gave the agents advice on how to meet competition of direct writers, stressing that only as an association can the independent local agents protect their position. He warned that because the American agency system during the past has proved the best way to make insurance protection and services available, agents should not be lulled into believing this will continue true forever. The American public must be convinced that the best bet insurance-wise is to buy insurance protection from local agents.

This means, he said, the general caliber of agents must be stepped up to meet changing conditions in this age of specialization. The day of the part-time agent who thinks only of getting his commission with a minimum of effort without regard to service must inevitably come to an end. He will either pass out of the picture completely or will devote the time necessary to render the type of service to attract buyers to him despite the lower cost of insurance from mail order houses or other direct writers.

WANT ADS

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Insurance agency in small northern Indiana town. No other agency in town. Small accounts. Annual volume \$60,000. Address E-97, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Excellent opportunity with specialty writing concern for man having casualty experience. Good prospects for the future. Salary commensurate with ability. Submit brief resume and salary desired. Address E-98, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Seeking new position. Age 37, energetic and many years experience in management and top home office administration including production, accounting, underwriting, in casualty, life and fire. Willing to relocate. Reply to Box F-1, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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SPECIAL AGENTS

Here is an opportunity to work in Northern Illinois. The possibilities are unlimited in an old established insurance organization. Special training in Home Office is necessary. Attractive salary with production bonus. Traveling expenses and car furnished. Write Mr. Harold Yost, Agency Supervisor, Phone 5-2211 for appointment. Union Automobile Indemnity Association, Bloomington, Illinois.

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A nationally known, progressive property insurance company with plans for multiple line has an opening for a Home Office Casualty Department Manager. Midwest location.

Excellent opportunity for a branch or home office man experienced in automobile and general liability underwriting. Managerial experience necessary. Under 40. Address F-3, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

CHIEF PAYROLL AUDITOR

Well established Mutual Company has opening for experienced man to supervise department and make special audits in Michigan only. Send background, references, age and salary expected to: F-2, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.



Luminaries attending the Insurance Federation of Illinois luncheon in Chicago: Lowell B. Mason Sr., member of the federal trade commission, the principal speaker; Senator Dirksen of Illinois, E. H. Henning, president of Central Standard Life, who was reelected federation president, and Justin T. McCarthy, Illinois director of insurance.

Sees Trade Parley Ending FTC Matter

(CONTINUED FROM PAGE 1)

such a conference, FTC is in no position to take into consideration insurer problems.

As an example of what can be avoided, Mr. Mason recalled that in the cosmetic industry FTC filed complaints against two companies in 1936, one in 1937, another in 1939 and two in 1940, all of which were dismissed in 1953 because difficulties had been resolved by a trade practice conference. Yet the very problem resolved was the subject of a long and costly trial litigated with one cosmetic manufacturer from 1937 to 1946. The quasi-judicial decision in the case had to be ignored when methods for enforcing the law in question were established through the trade practice conference.

To those companies which fear "they will hurt the feelings of state insurance commissioners if they give the federal government jurisdiction over interstate advertising by applying for a trade practice conference," Mr. Mason commented that "it is utterly silly" that such a conference would involve commitment by an insurer to FTC regarding jurisdiction. "If the federal statute gives us jurisdiction we have it," he said. "If it doesn't, you can't sign on like a sailor joining a ship."

Mr. Mason suggested the 26 cited insurers now in litigation may be interested in the new FTC rules of practice and procedure, issued only last week. "Upon promulgation of trade practice conference rules for an industry, complaints which have not been adjudicated and in which the charges are adequately covered by such rules... may be the subject of

a motion to suspend..."

Mr. Mason added that the FTC under its new rules will consider the advisability of closing matters against companies which face possible charges, agreed upon at a trade conference, providing they subscribe to rules

While defendants maintain the virtue of promotional material, informal pleadings, Mr. Mason said in private talks industry people indicate they would be more than happy to follow standards FTC considers proper. In view of this, he wondered what end could be served with "a dozen years of bootless litigation over a phrase or two in the interstate advertising of an A&H policy with all companies apparently ready and willing to accommodate their advertising language to whatever fair and honest interpretation the FTC might suggest as being within the law."

Reiterating comment made in a speech a few months ago, Mr. Mason said he has "no stomach for singling out a few companies as whipping boys for the entire industry." Nevertheless, he added, if 28 insurers have been careless in their sales appeal, "it is safe to say a lot of other companies are in the same boat."

Trade practice conference procedures are especially potent when dealing with industries of standing and integrity, Mr. Mason said. If the business asked FTC for such a conference to set up standards and criteria to test the validity of advertising, he opined there would be a "quicker and higher rate of observance of the law than we would ever get by hit-and-miss litigation."

A testimonial scroll recognizing the work of Mr. Fuller was presented by an insurance associate of his in Chicago since 1914, George H. Moloney, vice-president of Hartford Accident. Greetings were extended by Chase M. Smith, general counsel of Lumbermens Mutual Casualty, who was in charge of the arrangements committee.

Named to the executive committee were Lendon A. Knight, general counsel, Royal Neighbors, chairman; Ralph D. Jones, executive representative of Continental Casualty-Assurance; Neville Pilling, U. S. manager of Zurich; L. W. Zonzius Sr., president of Conkling, Price & Webb, Chicago, and Mr. Smith.

Many Attend NFPA Cincinnati Rally

(CONTINUED FROM PAGE 3)

included K. W. Adkins, Missouri Inspection Bureau; D. K. Auck, Federation of Mutual Fire Insurance Companies; H. R. Bogardus, Fire Insurance Rating Organization of New Jersey; A. L. Brown, chief engineer, Factory Mutuals; R. C. Corson, also of the Factory Mutuals; Harold De Camp, N. J. Fire; E. W. Fowler, J. A. Neale, Arthur Spiegelman, of National Board; W. G. Hayne, New York Board of Fire Underwriters; K. W. Jamison, Canadian Underwriters Assn.; W. M. Jones, chief engineer of Factory Insurance Assn.; L. G. Keeney, Farmers Mutual Reinsurance; W. S. Marsh, Factory Mutuals; F. R. Middaugh, Ohio Inspection Bureau; J. W. Morris Jr., Southeastern Underwriter Assn.; W.

R. Powers, Furriers Customers Remuneration Syndicate; W. H. Rodda, Transportation Insurance Rating Bureau; C. J. Setzer, Ohio Inspection Bureau; G. L. Swan, National Board; F. A. Trask, Oil Association; R. H. Wingate, Liberty Mutual Fire, and T. H. Wright, Ohio Inspection Bureau.

Neb. Commissioner to Get Raise

Nebraska legislature has passed a bill to raise the salary of Insurance Commissioner Pansing to \$8,000.

Insurance Dittaf Executives Assn. of Chicago is presenting \$50 U.S. savings bonds to three women students who have qualified for the charter member fund award of the association, today at Chicago. Recipients are Harriet G. Albrecht of America Fore group; Louise M. Field and Betty H. Thorsen of Springfield Fire & Marine. The basis for the awards is the newly reorganized plan of Insurance Institute of America, under the joint sponsorship of Illinois Institute of Technology, Insurance Society of Chicago, and the educational committee of Chicago CPCU chapter.

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Iowa Agents Score Blue Cross Week

(CONTINUED FROM PAGE 2)
and above all, the expenditure of energy. If an agent has these qualities and, more importantly, if he uses them, he will be successful in the face of any type of competition. If he does not, he is doomed to failure even though he gives away his merchandise like sample packages of breakfast food, he said.

When an agent turns to fundamentals—when he analyzes his competition—he will often find there is nothing wrong with his price, he said.

E. L. Warner, president of Insurers Service Corp., St. Louis, was the principle speaker the second day. He pointed out that every business and organization is a prospect for the insurance agent, that every change in business processes tends to bring advances to him.

Thomas Nuckles, Marysville, O., local agent, used vending machines selling insurance at airports as an example of how complacent agents are getting. He described the machine as a

direct writer and said some agents are like the machine age when they expect business to come into the office, he stated.

At one airport, he said, a local agent set up a booth with an attractive woman selling insurance in competition with the machine, and no one purchased insurance from the machine.

Other speakers on the convention program included Raymond H. Belknap, vice-president of Continental Assurance; David Gray, assistant to the vice-president of AFCCO, and R. L. Layton, vice-president of Rough Notes.

The retiring president, Robert A. Brown, gave a report on the activities of the association. The membership is at an all time high with 659 members, he said, and four new boards, Fort Madison, Fort Dodge, Iowa Falls and Cedar Falls, were added during the year to bring the state total to 20.

During the year, Mr. Brown reported, the association set up a conference committee which met with the bureaus, a rural and small lines committee, and had been successful in getting

the mid-west conference for Des Moines in 1956. All the 12 districts in the state held an educational program of a national association course or conducted educational meetings during the year and the first of a three-day educational course at the University of Iowa has been provided for later this year, he said.

The officers are planning to introduce an agents' qualification bill in the 1957 legislature, he said, and the association has adopted a public relations program which includes statewide use of the association's emblem on stickers and outdoor billboard advertising.

Mr. Brunk spoke of the progress of the association during this tenure in office, since 1946, and said that under the secretary-manager system the association had grown to the point where it was able to establish numerous activities.

Defend Agency System at Chicago 1-Day

(CONTINUED FROM PAGE 2)
on creative selling of property insurance, said that although a lot of this type of business is order-taking, there is a tremendous amount of it unsold simply because people who need it don't know about it. It is not necessary to spend countless hours studying policies, forms, etc., but more emphasis should be placed on thinking of ways to sell the cover.

Mr. Mehr explained that insurance differs from other businesses in that the latter produce the merchandise and there is a sales department to distribute it. With insurance the production and sales department are one and the same; an insurance policy cannot be produced unless the product is sold first. Quite rightly then, insurance salesmen should be called producers, he said, and their product is called production. The way to increase this production is to think creatively. The creative salesman never reaches his capacity and always has an expanding market. He sets his own production schedule and creates his market.

P. J. Leen, vice-president William H. McGee & Co., told the brokers why it is to their advantage to become better acquainted with inland marine forms. He said the demand for this protection is growing daily and that producers should regularly and systematically review their accounts to ascertain their requirements. He detailed at length the function of the transportation policy and the reasons for its wide popularity, giving many examples of its use.

At the banquet Edwin P. Simon, Critchell-Miller agency, board president, introduced the speakers and guests and spoke briefly. He pointed out the readiness of the Chicago Board to do anything in its power to broaden the skills of those engaged in the business and reaffirmed the principles of the board, now in its 106th year.

Laddie Pelnar, Illinois assistant director of insurance, brought greetings from Gov. Stratton and the insurance department and pointed out that the high principles of the board and the Chicago Bar Assn. are almost identical. He said also the board is one of the few groups founded in the first year of Lincoln's administration to survive and expressed his hopes that this was but a fruitful beginning.

Lionel B. Moses, western vice-president of Parade Publications, Chicago, gave a highly informative talk on basic selling principles, detailing the who, what, why, when, where and how of successful sales and salesmen.

La. Agents Elect Veillon President; Hear Talk by Bulau

Louisiana Assn. of Insurance Agents elected E. A. Veillon of Eunice president, Harold Mouk of Monroe vice-president, I. T. Hart of Lakes Charles secretary-treasurer and Harold Boling of Lake Charles state national director at its annual meeting at Edgewater Park, Miss.



A. E. Bulau

The agents were told by Alwin E. Bulau, assistant

secretary and advertising manager of Home, that the great need of the moment in the property insurance business is for the public to understand the real difference between quality and price.

This purpose can be advanced through the combined advertising and public relations efforts of agents and companies. Although the number of companies developing advertising campaigns stressing the services of the local agent is growing, the agents fail to capitalize fully on these efforts by not tying in their local advertising with the national programs of their companies.

Mr. Bulau said agents should closely review the campaigns of their companies as they appear in trade magazines and from them adapt personal programs designed to appear in local media simultaneous with the publication of the national ad.

He also suggested that agents refer to themselves in all communications with the public as "your independent local agent," a reference which should identify them as local businessmen in contrast to the representatives of direct writers who work on a salary basis.

George H. Menefee, chairman of the casualty and surety division of the Louisiana Insurance Rating Commission, explained the division's work and distributed copies of *Casualty Comments*, a new publication of the division to be distributed quarterly to agents and companies operating in Louisiana.

Mr. Menefee, who originated the idea of such a publication, explained that its purpose is to disseminate information as to the operation of the division, call agents' attention to the approval of filings and to assist them in every way possible in the handling of their business.

It is hoped, he said, that the publication will in some measure assist in securing a broader market for the agent at a lower cost to insured, which is the ultimate goal of the division.

Chicago Adjusters Elect E. R. Brunke President

Edward R. Brunke, Frank L. Erion & Co., has been elected president of Chicago Adjuster's Assn. He succeeds Raymond J. Eikel, Underwriters Adjusting.

Harold F. Wangerow, Western Adjustment, was named vice-president; George W. Doherty, Toplis & Harding, Wagner & Glidden, secretary, and A. F. Becher, Underwriters Adjusting, treasurer.

The association will hold its annual golf outing at Elmhurst county club June 9.



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Peay Succeeds Boggs as Okla. Agents' President

(CONTINUED FROM PAGE 4)

achievement was won by the Pontotoc Board and was accepted by its president, Glenn Boley.

Again one of the outstanding convention features was the gridiron presentation put on by Insurance Women's Club of Oklahoma City. Script writers gave ample evidence of close research, lampooning many of the idiosyncrasies of the agents, field men and others allied with insurance.

Following an executive committee conclave Thursday, past presidents and committee members were honored at a reception, with Southwest General of Dallas as host. This was a well attended affair as all attending the convention were invited and there was a large number of early arriving agents.

A dinner was staged that evening for past presidents and their wives, through the courtesy of Maryland Casualty.

J. J. Quinn, Bartlesville, association vice-president, presided over Friday morning's session which consisted of a talk on local agency advertising by James F. White, advertising director of Maryland Casualty, and a movie shown through the courtesy of National Tax Equality Assn., and a talk by Robert Featherstone of that group.

The approach to advertising the local agent must take is decidedly different from that used popularly, Mr. White emphasized. He stressed the agent should realize the limits of advertising, just as he does its potential benefits.

That afternoon greetings were extended by Mr. Polk, who is president of the Oklahoma City association, and Mayor Street of Oklahoma City. Talks were made by Kenneth Ross, Arkansas City, Kan., vice-president of NAIA; John V. Addy, vice-president of Appleton & Cox; Joe B. Hunt, commissioner of insurance, and Mr. Boggs. Mr. Ross' talk appeared in the *American Agency Bulletin*. The others are treated separately in this issue.

Mr. Ross stressed the insurance business must come to the realization it is going to have to live with problems because they are the natural result of growth and progress. Agents do not have to accept all changes, he said, but added the warning innovations must be studied closely to sift the good from the bad.

Mr. Ross noted there is much sentiment for an industry-wide public relations and publicity program to meet direct writer competition. He said company organizations and NAIA are studying this problem, but regardless of what evolves it will not permit agents to conduct their business by mail nor will it result in new business walking in the agent's door. He emphasized the percentage of business that will remain on the agent's book without personal service continually grows smaller.

There was an over-flow attendance at the rural agents' breakfast that opened Saturday's program. A skit, centering around the theme selling mutual policyholders, was staged by Mr. Reinmiller, Kenneth McGugin, Enid; Norville Johnson, Alva, with Walter V. Geis, Cherokee, presiding. The skit was a detailed presentation of the various advantages in coverages stock company agents can offer over the principal mutual competition in Oklahoma.

In his report as state national di-

rector, Mr. McKown explained various problems which now are getting top attention by NAIA. He mentioned that a number of agency companies are coming out with plans giving the customer a 20% rate cut, partially made possible through reduction in the agent's commission which many times amounts to a cut of about 50%. He said NAIA is giving this problem close attention, considering methods to meet price competition.

Kenneth J. Bidwell, assistant U. S. manager of London Assurance, told the agents it is his opinion the direct writer form of competition is here to stay, although there is much the agency system can do to meet it. Through an intelligently planned public relations program, the agents, just as grocers and department store men, will have to make the most of the personal service they can offer as an offset to the difference existing between their price and those of competitors.

Rounding out the program were a luncheon address by W. H. Alexander, pastor of First Christian Church, Oklahoma City, and a discussion of current problems by a panel of young agents, led by H. Robert Wood, Tulsa. Participating were Kenneth Martin, Enid; Charles Scheffel, Oklahoma City, and J. Lary Kephart, Buffalo.

Mr. Scheffel, emphasizing he believes package policy selling is the coming thing, made several suggestions for improving the agents' lot. He opined that much agent expense could be eliminated by having companies perform more of the smaller, insignificant details. He also said he favors issuance of less complicated policies, and would give consideration to financing of premiums at the agent's level. He strongly urged each and every agent to get out on the street, make personal calls, advertise, and "perhaps even keep the agency open until 9 o'clock at night."

Considering direct-writer competition, Mr. Wood said alternate courses of challenge or compromise are open to the agents. He expressed the belief there is too great a hope to meet the competition through legislation. In challenging it, the agent has to render the utmost in service and be sure the product he sells is the one ideally suited to need. Compromise, he said, lies in rate deviation, use of specialty companies, continuous policies and similar approaches. He observed the continuous policy would not afford opportunity for the necessary agent service. In answer to a question he posed to the audience, it was found not a single producer was ready to reduce the commission rate in order to compete with the direct-writer.

Mr. Kephart wondered if agents worried about current competition, saying that as long as he gets out, makes calls and works hard he will get all the business he can handle. He warned against going about with a "gloomy" attitude. "You'll be surprised," he stated, "by the number of policies you place if you try that 'new' selling idea, personal solicitation."

Mr. Kephart wondered if agents today aren't "too fat and happy." Business is good, and many agents seem to lose inclination to work in proportion to the additional premium volume they attain. If the commission rate were doubled, he wondered how many agents would work twice as hard to take advantage of the opportunity for greatly increased income. He said it wouldn't be surprising if a large number would be content to work one-half as hard, and thereby be satisfied with

a constant income.

The domestic companies were host at a social hour preceding the banquet that evening. New officers were installed by Commissioner Hunt.

Another banquet highlight was presentation of Oklahoma Casualty & Surety Assn. awards to the state's outstanding fire field man, casualty field man, and agent. Walter H. Feiburger, Bartlesville, was selected as the outstanding agent, Noble C. Birmingham, London Assurance, got the outstanding fire field award, and the casualty award went to L. J. Pellow, Hartford Accident.

Superb Service Agency System Hallmark: Hunt

(CONTINUED FROM PAGE 4)

his 84th year, and 10 other employees. The department is woefully small compared to the job it has to do."

Though federal insurance programs in the limelight today concern primarily life agents, Mr. Hunt cautioned that fire and casualty producers must keep on their toes. He said the government is in the crop-hail insurance business, the mortgage insurance business and at one time the farm security administration had a contract with a non-admitted company which was placing insurance on certain mortgaged farms in Oklahoma. Besides that, he reminded his audience that military reservations are concerned, especially in the field of insurance, including automobile coverage.

Boggs Reports

(CONTINUED FROM PAGE 4)

posure and indicated experience. The department cited discrimination as one of its reasons for disapproving the seven-class plan.

Experience filed on several occasions by National Bureau clearly indicates inadequacy of the present rate level, and this was not questioned at the last hearing, according to Mr. Boggs. "While the experience simply points out the degree of inadequacy, plain, common horsensense should be sufficient for anyone to realize that it is ridiculous for these rates today to be less than they were approximately 16 years ago."

Mr. Boggs said the state supreme court has ruled on several occasions that rate decisions should be made on the basis of evidence presented at a hearing. "As the matter now stands,



Commissioner Joe B. Hunt, left, a speaker at the Oklahoma agents meeting, shown with retiring president, Foster P. Boggs of Tulsa.



Leaders of the Pontotoc County Board, the outstanding local unit of Oklahoma agents association: From left, Frank Finley, immediate past-president, and Glenn Boley, current president, who is holding the President's Cup.

paying in accordance with actual experience has not been done," he said.

Mr. Boggs reported the association's casualty conference committee took an active part in two department hearings on workmen's compensation coverage. He said the department order calling for an across the board rate reduction of about 20% failed after the first hearing. Eventually a 4.1% decrease was made, based upon the review of experience filed annually.

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Conference Acts on Merger Recommendation

(CONTINUED FROM PAGE 2)

Great Southern Life, a past president of the conference and chairman of TF-1. He said the task force members advocated a "new, single, strong A&H association" taking in all types and sizes of companies. With the blessing of the Joint Committee on Health Insurance, his group had been working out a blueprint for just that since last October. He stressed the need for a concerted public relations effort, and explained several features of the proposal which had been puzzling or had been drawing questions. There is no intention to liquidate the conference of any other A&H organization unless and until there is in existence a replacement organization able to do an effective job, he declared.

Frank S. Vanderbrouk, president of Monarch Life, who was elected president of the conference, in his accept-



Travis Wallace



Frank S. Vanderbrouk

ance speech set the state for wholehearted adoption of the report in a fervent plea for unity. Any proposed new organization would be just the same people working together in the same common cause, he explained.

E. J. Faulkner, president of Woodmen Accident & Life and chairman of the Joint Committee on Health Insurance, was given the non-controversial subject of the background and operational setup of the joint committee. He described the functions of the four task forces and the special committee dealing with FTC. On the latter, Mr. Faulkner commented that "apparently the business does not wish a fair trade practices conference with the FTC without the presence of National Assn. of Insurance Commissioners as well as the companies".

Raymond Killion, Metropolitan Life, chairman of Task Force 3 (handling the general subject of improvement of services to the public), introduced a panel on claim costs control by offering a review of the work of his task force and the background of the origin of the sub-committee on claim

costs under Jarvis Farley of Massachusetts Indemnity.

Mr. Farley had charge of the seven-man panel, the brief remarks of each participant adding up to the report of the sub-committee on claim costs control to the parent task force. Taking part were Godfrey M. Day, Connecticut General Life; Harry Williams, Hartford Accident; Charles N. Walker, Lincoln National; James Andrews Jr., Life Insurance Assn.; John Miller, Monarch Life; Standwood Hanson, Liberty Mutual, and Mr. Killion. Very few pat answers are to be found in the Task Force 3 report, Mr. Killion said. It will give indications and point the direction of further study.

At an executive session Robert R. Neal, resident counsel of the conference and Bureau of A&H Underwriters at Washington, spoke on the Washington situation, and Paul W. Watt, president of Washington National, reviewed the first year under the conference advertising code.

Leadoff speaker at the opening session was J. W. Scherr Jr., the retiring president, who gave his report. Before he spoke, Mr. Scherr was presented with a gavel by Jarvis Farley, Massachusetts Indemnity. This is a traditional token of recognition on the part of the conference, and Mr. Farley recalled that it was 30 years ago that the conference last met at Toronto and at that time Mr. Scherr's father was elected president. Mr. Scherr said he had used the gavel given his father 30 years before to convene this meeting.

Members of the conference staff, led by Managing Director John P. Hanna, gave their reports at the opening session, and Howard Hotz, Canadian A&H manager of Prudential, gave an address on sales.

Speaker at the luncheon was William F. Loughheed, economist with Canadian Bank of Commerce. George N. Watson of Crown Life presided.

Commissioner Joseph A. Navarre of Michigan received a standing ovation for his talk opening the first afternoon's meeting when he pointed out that research by his department shows a very low number of justifiable complaints against the A&H business as compared with the total A&H business done in the state. He had some aggressive comments to make regarding the FTC action on A&H advertising.

Guy Ferguson of Ferguson personnel, Chicago, and George R. Jordan, Republic National Life and chairman of the conference group committee, spoke at this session. Mr. Ferguson discussed the problem of developing future management and Mr. Jordan the current trends in group A&H insurance.

Hanson Is Promoted by Springfield Group

Springfield group has named Ivor E. Hanson manager at Syracuse. He will supervise fire and casualty operations in central New York and casualty and bond operations in the western part of the state.

Mr. Hanson joined the group in 1944 as a special agent working out of Syracuse.

Maume Valley puddle of Ohio Blue Goose has slated its annual gold party and banquet for May 25 at Chippewa Country Club east of Toledo.

Conference Gives Endorsement to Agents' Association

Support for the activities of International Assn. of A&H Underwriters was given by Health & Accident Underwriters Conference at its annual meeting at Toronto.

It was announced that the conference executive committee endorses the membership drive of the International and its plan to hire another staff member to promote membership. All conference members were asked to give their support to the project.

The conference also gave endorsement to the Disability Insurance Training Council project which is to be set up as a separate entity by the International to replace the old DISC. The new program will be self supporting.

180 Attend Mutual Casualty Companies Chicago Conference

With a record crowd of 180 in attendance, Conference of Mutual Casualty Companies held a two day claim conference in Chicago last week.

Opening the sessions was a talk on "The More Adequate Defense" by Truman B. Rucker of the Tulsa law firm of Rucker, Tabor & Cox. Mr. Rucker stressed the importance of the original investigations in claims and of obtaining good accident photographs. He illustrated with specific cases how to combat NACCA type court tactics.

Following Mr. Rucker's talk, Herman Reeder, assistant claim manager Ohio Farm Bureau, was elected chairman of the claim arbitration agreement committee, succeeding C. H. Halsey, claim manager American Farmers Mutual of Illinois.

Edward J. Byrne, general counsel Home Mutual of Wisconsin, was elected vice-chairman of the arbitration committee. Carl W. Brockhorst, assistant claims vice-president State Farm Mutual, and Arthur V. Smith, claims manager Citizens Mutual Auto of Michigan, were others elected on the committee.

A panel on effective claims service to the public was presented at the first afternoon session of the conference. Speakers and their subjects included Ralph G. McCallum, general manager National Assn. of Independent Adjusters, "Effective Claims Work Through Independent Adjusters"; Roy H. Lovell, Farm Bureau Mutual Auto of Ohio, "More Dollar Savings Through Material Damage Training" and Howard B. Lang Jr., vice-president M.F.A. Mutual, "Specialized Versus General Adjusters."

Second day sessions included talks by Dick Carlson of the New York management consulting firm of Rogers, Slade & Hill on "What Is Management and What Makes a Good Claims Manager" and by Edward H. Schroeder, vice-president Allstate, on "Effective Management of a Claims Department".

R. G. Chilcott, Farm Bureau Mutual Auto, chairman of the claim committee, was in charge of the meeting of the conference which is headed by Berthold Woodhams, Citizens Mutual Auto of Michigan.

A management meeting limited to officers and executives of member companies is scheduled by the conference for June 19-22 in Minneapolis.

State Farm to Use 4-Class Auto Rate Plan in Ind., Mo.

State Farm Mutual Auto now is using rate classification plans in Indiana and Missouri. This is the first time the company has used class plans except in states where they are required by law.

The new plans will mean rate reductions up to 20% or more, the biggest savings going to owners of older model cars and to pleasure cars with no male operator under age 25. Increases also result. Rates for liability and property damage will be figured under a new 4-group plan, classes being based on age of male driver, and pleasure or business use.

A new "step down plan" sets up three levels of rates for comprehensive and collision coverages. The first level is on new and one-year old cars. For cars two and three years old, rates are 10% below new car levels, and 20% below on those four years of age and older.

Liability rate reductions are substantial for pleasure cars with no male operator under age 25. The rates are increased for family cars with an occasional male driver under 25, and for business use cars. Where the male owner or male principal operator is under 25, the increases are substantial, except for husbands age 21-24 living with spouse. The age of female principal operator does not affect rates.

FTC Chairman Predicts Further A&H Complaints

More complaints against A&H companies are in the offing, Federal Trade Commission Chairman Howrey told National Industrial Advertisers Assn. in Washington.

The commission-initiated effort to eliminate alleged false advertising by A&H companies not only includes investigation of those which were subject of complaints, but also a careful study of the advertising claims of all A&H companies, he said. Twenty-eight complaints, charging insurers with using false and deceptive statements in their advertising as to actual benefits payable under policy terms, have been issued.

Holz States He Has Not Decided Allstate Case

NEW YORK—In a brief talk before New York City Agents Assn., which, in his absence from town, was read by his deputy, Joseph Wikler, Superintendent Holz of the state insurance department made it clear that he has not decided the Allstate case. Mr. Holz currently is conducting hearings to determine whether Allstate's 20% reduced fire and extended coverage rates on dwelling classes meet the standards of the rating law.

(There has been some talk on the street that Mr. Holz would make a compromise decision and have Allstate refile at a lesser reduction than 20%. This speculation likely is based on the frequently expressed views of Mr. Holz throughout the hearing as to his opinions of the evidence being submitted and as to his desires in the way of facts.)

When the Allstate hearing is concluded, the statement read, the conclusions of Mr. Holz will depend entirely on his study of the record. However, he added, he is sure that regardless of the decision the hearing has been a good thing for the business.

New Officers Elected

President—Frank S. Vanderbrouk, Monarch Life.

1st Vice-President—Paul W. Watt, Washington National.

2nd Vice-President—W. Franklyn White, Mutual Benefit Life.

Secretary—J. Eugene Taylor, National Life & Accident (reelected).

Chairman Executive Committee—Travis T. Wallace, Great American Reserve.

New members Executive Committee—Harry J. Stewart, West Coast Life; Orville F. Grahame, Paul Revere Life; J. C. Higdon, Business Men's Assurance; M. C. Nichols, Provident Life & Accident; J. W. Scherr Jr., Inter-Ocean; Laurence B. Soper, New York Life.

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Financial Statement

JANUARY FIRST NINETEEN FIFTY-FIVE

Statement at the close of business December 31, 1954, as reported to the Department of Insurance, State of Illinois

(All bonds amortized. Stocks at book value, which is less than market value.
If all stocks were valued at market, assets and surplus each would be increased \$4,992,713.98)

ASSETS

Cash in banks	\$ 12,603,482.09
U.S. government bills, certificates and notes	72,181,238.80
U.S. government bonds	65,291,207.51
Canadian government bonds	3,279,115.96
State, county and municipal bonds	7,761,256.37
Public utility and other bonds	6,524,513.46
Stocks	8,005,045.35
First mortgages and collateral loans	958,502.52
Real estate (including company buildings)	10,863,412.16
Premiums in transmission	2,960,573.58
Accrued interest and other assets	926,249.46
Total assets	\$191,354,597.26

LIABILITIES

Reserve for losses and adjusting expenses	\$94,135,115.00
Reserve for unearned premiums	39,596,685.00
Reserve for taxes, expenses and reinsurance	8,419,577.30
Reserve for dividends to policyholders	19,203,219.96
Reserve for portfolio fluctuation	5,000,000.00
Reserve for contingencies	5,000,000.00
Total	\$171,354,597.26
Net Surplus	20,000,000.00
Total	\$191,354,597.26

Paid for losses and returned to policyholders in cash dividends since organization more than six hundred seventy million dollars.

Securities carried at \$14,142,929.12 in the above statement are deposited as required by law.

Lumbermens *MUTUAL CASUALTY COMPANY*

Operating in New York state as (American) Lumbermens Mutual Casualty Company of Illinois

James S. Kemper, chairman

Hathaway G. Kemper, president

CHICAGO 40

BRANCHES IN: ATLANTA • BOSTON • LOS ANGELES • NEW ORLEANS • NEW YORK
PHILADELPHIA • SAN FRANCISCO • SEATTLE • SYRACUSE • TORONTO • VAN WERT, OHIO

Here are 3 ways to recognize a good buy in automobile insurance!



1 If you're involved in an away-from-home accident—the first thing you want is help from the local agent of the company you're insured with. If you can get it, your policy has passed at least one important test!



2 When your car is damaged (whether the damage is serious or not), you want your claim settled quickly . . . *without* lengthy correspondence. If your agent can help you do this—your policy has met the second test.



3 You want to be sure that the *company* you're insured with—the organization behind that piece of paper you hold—has the experience, the skill and the imagination to keep automobile insurance as up to date as today's new cars and new super-highways. Then as your needs change, so will your insurance!

Here's how The Travelers stands: There are thousands of Travelers representatives all over the country pledged to give you the kind of service in *their* towns that you'd expect from your own agent at home. The Travelers has more claim offices than any other company writing automobile insurance. The Travelers wrote the *first* Automobile Liability policy, and has been a leader in this line since 1898.

The only automobile insurance that's a good buy is the kind that will serve you when you have an accident. *Then*, only the best will do!

YOU WILL BE
WELL SERVED BY

THE TRAVELERS



INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

*All forms of personal and business insurance
including Life • Accident • Group •
Automobile • Casualty • Fire*